



VIRGINIA ENERGY RESOURCES INC.

(formerly Virginia Uranium Ltd.)

(an exploration stage enterprise)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

NINE MONTHS ENDED SEPTEMBER 30, 2013 and 2012

(unaudited – expressed in US dollars)

NOTICE OF NO AUDITOR REVIEW

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.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

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
November 27, 2013

VIRGINIA ENERGY RESOURCES INC. (formerly Virginia Uranium Ltd.)
Consolidated Statements of Financial Position
(Expressed in US Dollars)

		September 30, 2013	December 31, 2012
	Note		
Assets			
Current			
Cash and cash equivalents		\$ 2,115,082	\$ 479,983
Commodity taxes receivable		40,078	36,122
Due from related party	10	141,957	81,997
Other assets		43,227	33,644
Marketable securities	3, 10	2,465,393	-
		4,805,737	631,746
Exploration and evaluation assets	4	24,084,717	27,602,533
Equipment	5	27,276	44,463
Total assets		\$ 28,917,730	\$ 28,278,742
Liabilities			
Current			
Accounts payable and accrued liabilities		\$ 420,856	\$ 1,233,910
Loan		-	742,421
		420,856	1,976,331
Note payable to related party	10	4,036,850	3,950,498
Total liabilities		4,457,706	5,926,829
Shareholders' equity			
Capital stock	6	51,099,874	40,965,330
Accumulated other comprehensive income		657,834	887,922
Deficit		(27,297,684)	(19,501,339)
Total shareholders' equity		24,460,024	22,351,913
Total liabilities and shareholders' equity		\$ 28,917,730	\$ 28,278,742

See accompanying notes to condensed consolidated interim financial statements

VIRGINIA ENERGY RESOURCES INC. (formerly Virginia Uranium Ltd.)
Condensed Consolidated Interim Statements of Loss and Comprehensive Loss
September 30, 2013 and 2012
(unaudited - expressed in US dollars)

	Note	For the three months ended September 30		For the nine months ended September 30	
		2013	2012	2013	2012
Expenses					
Compensation and benefits		\$ 224,612	\$ -	\$ 752,454	\$ -
Share based compensation	6(c)	1,950	-	478,546	-
Public relations		128,852	-	418,419	-
Loss realized on previously held interest in VAUH		-	6,016,459	-	6,016,459
Professional fees		420,646	-	1,626,476	-
Technical expense		87,553	-	232,692	-
General and administrative		178,534	-	673,051	-
Gain on sale of marketable securities	3	(83,418)	-	(83,418)	-
Amortization	5	6,267	-	18,762	-
Impairment of exploration and evaluation assets	4	-	-	3,517,816	-
Loss before other items		(964,996)	(6,016,459)	(7,634,798)	(6,016,459)
Other income (loss)					
Interest income		876	-	4,837	-
Interest expense		(28,337)	-	(92,963)	-
Other income		5,967	-	14,987	-
Foreign exchange		25,093	-	(88,408)	-
		3,599	-	(161,547)	-
Net loss		(961,397)	(6,016,459)	(7,796,345)	(6,016,459)
Other comprehensive income (loss)					
Reclassification on acquisition of VAUH		-	322,392	-	322,392
Unrealized gain (loss) on marketable securities		116,351	-	(230,088)	-
Net loss and comprehensive loss		(845,046)	(5,694,067)	(8,026,433)	(5,694,067)
Basic and diluted loss per share		\$ (0.02)	\$ (0.62)	\$ (0.16)	\$ (0.62)
Weighted average number of common shares outstanding		57,230,614	9,751,427	49,313,948	9,751,427

See accompanying notes to condensed consolidated interim financial statements

VIRGINIA ENERGY RESOURCES INC. (formerly Virginia Uranium Ltd.)
Condensed Consolidated Interim Statement of Changes in Shareholders' Equity
(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
Shares issued on acquisition of VAUH (note 5)	23,399,329	21,141,186	-	-	21,141,186
Reclassification on acquisition of control of VAUH	-	-	322,392	-	322,392
Net loss for the nine months	-	-	-	(6,016,459)	(6,016,459)
Balance, September 30, 2012	33,150,756	40,965,330	887,922	(17,951,402)	23,901,850
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 marketable securities	-	-	(230,088)	-	(230,088)
Share based compensation	-	478,546	-	-	478,546
Net loss for nine months	-	-	-	(7,796,345)	(7,796,345)
Balance, September 30, 2013	57,230,614	\$ 51,099,874	\$ 657,834	\$ (27,297,684)	\$ 24,460,024

See accompanying notes to condensed consolidated interim financial statements

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

	For the nine months ended September 30	
	2013	2012
Cash from operating activities		
Net loss	\$ (7,796,345)	\$ (6,016,459)
Non-cash items:		
Amortization	18,762	-
Impairment of exploration and evaluation assets	3,517,816	-
Share based compensation	478,546	-
Loss on revaluation of investment	-	6,016,459
Gain on marketable securities	(83,418)	
Net changes in non-cash working capital items		
Other assets	(9,583)	-
Commodity taxes receivable	(3,956)	-
Accounts payable and accrued liabilities	(813,054)	
Accrued interest on note payable from related party	86,352	-
Due from related party	(59,960)	
Cash used in operating activities	(4,664,840)	-
Financing activities		
Net proceeds from the issuance of capital stock	6,185,166	-
Payment of loan	(742,421)	-
Proceeds from sale of marketable securities	858,769	
Cash acquired on acquisition of VAUH	-	1,293,846
Cash provided from financing activities	6,301,514	1,293,846
Investing activities		
Acquisition of equipment	(1,575)	-
Net increase in cash and cash equivalents	\$ 1,635,099	\$ 1,293,846
Cash and cash equivalents beginning of the period	479,983	-
Cash and cash equivalents end of the period	\$ 2,115,082	\$ 1,293,846

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
September 30, 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. (“VAUH”) and its subsidiaries and Otish Minerals Ltd. (note 4) (“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.	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 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 November 27, 2013.

VIRGINIA ENERGY RESOURCES INC. (formerly Virginia Uranium Ltd.)
Notes to the Condensed Consolidated Interim Financial Statements
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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 valued at \$3,688,027 (CAD\$3,714,740). In addition, 1,311,085 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 4,693,500 Energy Fuels Inc. common shares during the period ending September 30, 2013 for a gain of \$83,418. The remaining 15,846,826 common shares are designated as available-for-sale securities and had a fair value of \$2,465,393 (CAD\$2,535,492) at September 30, 2013. Under various circumstances (which include recent equity financing and mergers and acquisition activities undertaken by Energy Fuels Inc.) the Company is limited to selling 112,500 common shares per day of Energy Fuels Inc. On November 5, 2013, a share consolidation of Energy Fuels Inc. shares was effected in which fifty common shares were exchanged for one new common share. Except as otherwise noted the Energy Fuels Inc. shares mentioned are before the share consolidation.

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, September 30, 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. 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

Cost		Total
Balance, December 31, 2012	\$	50,411
Acquired during the period		1,575
Balance, September 30, 2013	\$	51,986
Accumulated Amortization		
Balance, December 31, 2012	\$	5,948
Charge for the period		18,762
Balance, September 30, 2013	\$	24,710
Carrying Amounts		
At September 30, 2012	\$	-
At September 30, 2013	\$	27,276

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. As of September 30, 2013 there were 57,230,614 common shares issued and outstanding.

(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. fair valued at \$3,688,027 (CAD\$3,714,740) for a total of \$10,084,900 (CAD\$10,113,540). Finders' fees of \$211,707 were incurred on a portion of the financing. In addition, 1,311,050 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 September 30, 2013 and December 31, 2012, there were 7,065,127 and 12,156,239 common shares respectively held in escrow. As a Tier 2 Issuer (as defined in TSX-V Policy 1.1), the escrowed common shares are released over 36 months.

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

VIRGINIA ENERGY RESOURCES INC. (formerly Virginia Uranium Ltd.)
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6. CAPITAL STOCK (continued)

(e) Stock options and warrants

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, 203,500 have expired. The remaining 383,000 have exercise amounts ranging from \$1.59 to \$3.23 expiring at dates starting from November 21, 2013 (subsequently expired) 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 \$0.17 per option calculated using a 95% volatility and discount rate of 1.16%. In accordance with regulations, all but the options granted to an investor relations person, vested on the award date and the Company recorded a share-based payment expense of \$478,546.

Stock option transactions are summarized as follows:

Stock Options		
	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
Granted	3,029,700	\$ 0.42
Expired	(203,500)	(\$ 2.60)
Outstanding, September 30, 2013	3,412,700	\$ 0.65
Number exercisable/fully vested	3,387,700	\$ 0.65

As at September 30, 2013, the Company had the following outstanding stock options:

Number	Exercise Price (CAD\$)	Date of Expiry
8,000	\$ 3.23	November 21, 2013 ¹
365,000	\$ 1.59	November 11, 2015
10,000	\$ 2.80	November 15, 2016
3,029,700	\$ 0.42	April 30, 2018
3,412,700	(3,387,700 exercisable)	

¹ Subsequently expired

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7. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company has classified its financial assets as follows:

Financial assets	September 30, 2013			December 31, 2012		
	FVTPL		Loans and Receivables Level 3	FVTPL		Loans and Receivables Level 3
	Level 1			Level 1		
Cash and cash equivalents	\$	2,115,082	\$ -	\$	479,983	\$ -
Marketable securities		2,465,393	-		-	-
Due from related party		-	141,957		-	81,997
	\$	4,580,475	\$ 141,957	\$	479,983	\$ 81,997

The financial assets are carried at fair value as at September 30, 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 September 30, 2013 and December 31, 2012, 1 U.S. Dollar was equal to 1.0285 and 0.9723 Canadian Dollars respectively.

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

	September 30, 2013	December 31, 2012
Cash and cash equivalents	\$ 1,544,096	\$ 284,096
Commodity taxes receivable	41,219	36,122
Marketable securities	2,535,492	-
Accounts payable and accrued expenses	(527,964)	(468,245)
Note payable to related party	4,017,962	3,930,450
	\$ 7,610,805	\$ 3,782,423

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 September 30, 2013. 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 2013 and 2012, cash, cash equivalents and marketable securities 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
September 30, 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 \$141,957 due from Anthem for reimbursement of certain operating expenses.

Note payable to related party consists of a Promissory Note payable to Anthem of \$4,036,850 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 \$116,959. The Company and Anthem have common officers.

The Company subscribed to 21,851,411 common shares of Energy Fuels Inc., pursuant to a private placement. The Energy Fuels shares are held for trading on an agreement which limits the sales to 112,500 common shares per day. The Company and Energy Fuels Inc. have a common director.

During the nine months ended September 30, 2013, an officer who is also a director of the Company was paid \$66,667 (2012 - \$nil) for legal services.