

MANAGEMENT DISCUSSION AND ANALYSIS
1ST QUARTER ENDED MARCH 31, 2019

*This Management Discussion and Analysis (“MD&A”) is intended to supplement the Company’s consolidated interim financial statements and related notes for the three months ended March 31, 2019. This report is as at **May 24, 2019**. All monetary amounts are in US dollars unless otherwise specified.*

The above referenced financial statements and the Company’s other public filings can be found on SEDAR at www.sedar.com.

INTRODUCTION

The MD&A has been prepared by management and reviewed and approved for distribution by the Board of Directors on May 24, 2019. The following discussion of performance, financial condition and future prospects should be read in conjunction with the condensed consolidated interim financial statements for the three months ended March 31, 2019 and audited financial statements for the years ended December 31, 2018 and 2017. The information provided herein supplements but does not form part of the financial statements.

FORWARD LOOKING STATEMENTS

Certain information contained in this MD&A constitutes “forward-looking information” within the meaning of applicable securities laws concerning the business, operations and financial performance and condition of the Company. Generally, forward-looking information can be identified by the use of forward-looking terminology such as “plans”, “expects”, “does not expect”, “is expected”, “is likely”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates”, “does not anticipate”, “continue”, “may”, “will”, “should”, “believes” and similar expressions. Forward-looking information is based on the opinions and estimates of management as of the date such information is disclosed, and it is subject to known and unknown risks, uncertainties and other factors that may cause actual results, events, level of activity, performance or achievements to differ materially from those expressed or implied in such forward-looking information. The Company believes that the expectations reflected in this forward-looking information are reasonable but no assurance can be given that these expectations will prove to be correct, and such forward-looking information included in this MD&A should not be unduly relied upon. This information speaks only as of the date of this MD&A. In particular, this MD&A contains forward-looking information pertaining to the following:

- *potential receipt of regulatory approvals, permits and licenses and treatment under governmental regulatory regimes;*
- *the estimates of the Company’s mineral resources;*
- *anticipated capital expenditures, production rates and costs, mine life and valuations contained in the PEA (as defined below);*
- *expectations of market prices and costs; and*
- *exploration, development and expansion plans and objectives.*

The Company’s actual results could differ materially from those anticipated in this forward-looking information, specifically the PEA as a result of the following:

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- *failure to lift the moratorium on uranium mining in Virginia;*
- *delays in obtaining permits and licenses for the Coles Hill project;*
- *declines in the market price of uranium;*
- *poor capital market conditions for TSX Venture junior mining companies;*
- *inability of the Company to raise sufficient funding to advance the Coles Hill project notwithstanding improving financial market conditions;*
- *low market prices of the Company's securities;*
- *failure to accurately estimate mineral resources, production rates and operating costs;*
- *geological, technical and processing problems;*
- *cost overruns in capital investment to construct the Coles Hill project;*
- *failure to obtain industry partner, government and other third party consents and approvals, when required;*
- *public resistance to nuclear energy or uranium mining;*
- *actions taken by regulatory authorities with respect to mining activities, including regulations that materially impact the ability of the Company to achieve production that is materially in accordance with the PEA; and*
- *other factors discussed under "Risk Factors" in this MD&A.*

These factors are not, and should not, be construed as being exhaustive. Statements relating to "mineral resources" and the economics of the PEA are deemed to be forward-looking information, as they involve the implied assessment, based on certain estimates and assumptions that the mineral resources described will be profitably produced in the future. For the key assumptions and factors used in developing this forward-looking information, please see the PEA filed at www.sedar.com. Accordingly, readers should not place undue reliance on forward-looking information.

The forward-looking information contained in this MD&A is expressly qualified by this cautionary statement. The Company does not undertake any obligation to publicly update or revise any forward-looking information after the date of this MD&A to conform such information to actual results or to changes in the Company's expectations, except as otherwise required by applicable legislation.

THE COMPANY

Virginia Energy Resources Inc. (hereinafter referred to as the "Company" or "Virginia Energy"), formerly Virginia Uranium Ltd., was incorporated in the Yukon on August 31, 2007 and continued to British Columbia under the British Columbia Corporations Act on May 21, 2009. Virginia Energy is a resource company engaged in exploration and development of uranium deposits located in the southern part of Virginia.

The Company's head office is in Vancouver, BC, Canada and its operations office is located in Chatham, Virginia, United States.

HIGHLIGHTS AND OVERALL PERFORMANCE

The following events and some background for reference, occurred in the in the three months ended March 31, 2018 and up to the date of this report:

- The Company continues to take a prudent approach with expenditures and has significantly reduced its monthly cash outlays, a process that began in February of 2015 to preserve cash and will continue until such time as there is political will to support the writing of legislation for mining uranium in Virginia that will allow the Company to proceed with its exploration and development plans.
- The Company is currently engaged in two lawsuits against the Commonwealth of Virginia to overturn its moratorium on uranium mining. The Company's position in the case filed in federal court is that the Commonwealth of Virginia's ban on uranium mining is pre-empted by federal law and is therefore invalid under the Supremacy Clause of the United States Constitution. A federal judge ruled against the lawsuit in December 2015. The Company appealed such ruling to the United States Court of Appeal for the Fourth Circuit. The appeal was heard on October 28, 2016 and the Court ruled against the Company and denied the appeal. On May 21, 2017, the Company filed a petition for writ of certiorari with the United States Supreme Court to hear its appeal of the decision of the Fourth Circuit (the "Federal Appeal"). On November 25, 2015, the Company filed a separate state law-based lawsuit in the Circuit Court of Wise County seeking injunctive and other relief overriding the ban on mining in a takings claim. The Commonwealth of Virginia filed a motion to dismiss the case and a plea in bar. A state judge issued an order denying the motion to dismiss and plea in bar, and the trial scheduled for December was postponed and no new trial date has been set.
- The Solicitor General of the U.S. Department of Justice and the U.S. Nuclear Regulatory Commission filed an amicus curiae brief with the United States Supreme Court in connection with the writ filed by the Company to hear the Federal Appeal. The question presented in the Federal Appeal is whether the Atomic Energy Act of 1954 pre-empts state laws that prohibit activities within a state's regulatory jurisdiction when such laws are grounded in radiological-safety concerns. In the brief, the Solicitor General expresses the view of the United States that the Company's petition for writ of certiorari should be granted and the Supreme Court should grant the Company's petition and hear the Federal Appeal.
- On May 21, 2018, the United States Supreme Court granted the Company's petition for writ of certiorari and arguments in the case were heard on November 5, 2018. A decision by the court is expected no later than June 2019.

COLES HILL URANIUM DEPOSIT

Virginia Energy has a 100% interest in the Coles Hill deposit in southern Virginia, USA, which is the largest undeveloped uranium deposit in the USA and one of the largest in the world. Virginia Energy's ownership in Coles Hill is held through its subsidiary, Virginia Uranium, Inc., which controls the mineral rights, surface rights, and leasehold development and operating rights on the Coles Hill property.

The Coles Hill project is the subject of a National Instrument 43-101 Updated Preliminary Economic Analysis Update (Revised) by Lyntek Inc. and BRS Inc., ("NI 43-101" or the "Technical Report" or the "PEA") that contained an updated PEA and resource calculation. The report, effective June 30, 2012, was revised and restated August 19, 2013 and is available on SEDAR and at www.sedar.com and on the Company's website at

<http://www.virginiaenergyresources.com>. According to the NI 43-101 Technical Report, resources are estimated as follows:

TOTAL INDICATED MINERAL RESOURCES

Total North and South Coles Hill				
Category	Cutoff	Long Tons (million)	wt %eU₃O₈	lbs (million)
Indicated	0.025	119.59	0.056	132.93

TOTAL INFERRED MINERAL RESOURCES

Total North and South Coles Hill				
Category	Cutoff	Long Tons (million)	wt %eU₃O₈	lbs (million)
Inferred	0.025	36.28	0.042	30.41

Reference: NI 43-101 Preliminary Economic Assessment Update (Revised) of Coles Hill Uranium Property, effective June 30, 2012, and dated August 19, 2013 by Lyntek Inc. and BRS Engineering.

It should be noted that mineral resources are not mineral reserves and do not have demonstrated economic viability.

The PEA indicates the project has the potential for attractive economics based on an assumed U₃O₈ price of \$64 per lb. as summarized below:

- Initial production of 2 million lbs per year and a 35 year mine life;
- Underground mining of 3,000 tonnes per day, to extract a portion of the indicated resource totaling 64.2 M lbs U₃O₈ with an average grade of 0.098% at a cutoff grade of 0.06%
- Capital cost of \$147 million prior to construction, including a 25% contingency;
- Cash cost of \$30.72 per lb. U₃O₈ for the first ten years of production;
- Net Present Value of \$427 million at a discount rate of 7%;
- IRR of 36.3% based on a uranium price of \$64 per lb. U₃O₈
- A change in the price of uranium of \$5.00 per lb results in a potential change in the project NPV of \$110.0 million

In terms of project risks, the updated PEA noted the following:

“The technical risks related to the project are low as the mining and recovery methods are proven. The mining methods recommended have been employed successfully at similar projects in the past. The mineral processing methods employed are typical of those used in the industry for decades and are supported by metallurgical tests done to date and are available.

Primary risks related to permitting are rescinding the moratorium to allow mining in Virginia and gaining the confidence of the local community that the mining and milling can be safely conducted to protect human health and the environment. The remainder of the permitting issues is tied to obtaining the necessary permits to operate the mine and mill.

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The authors are not aware of any other specific risks or uncertainties that might significantly affect the mineral resource estimates or the consequent economic analysis.

Estimation of costs and uranium price for the purposes of the economic analysis over the life of mine is by its nature forward-looking and subject to various risks and uncertainties. No forward-looking statement can be guaranteed and actual future results may vary materially."

Coles Hill is located on gently rolling hills in Pittsylvania County, southern Virginia, in close proximity to established infrastructure and skilled labor. Virginia is one of the leaders in the U.S. nuclear industry, home to four high-performing nuclear power plants, commercial nuclear fuel production and engineering services, and significant naval nuclear infrastructure.

The deposit was initially explored between 1980 and 1982, when Marline and Union Carbide drilled 210 holes (190,000 feet) to define the deposits. Between 1982 and 1983, a subsidiary of Union Carbide completed a feasibility study to put the deposit into production, but the project was shelved due to the drop in the price of uranium. At that time, a 5,000-ton per day open pit mine and mill was envisioned. The project lay dormant until 2007 when Virginia Uranium, Inc. drilled 12 holes to confirm the historic grades as part of the initial NI 43-101 technical report and resource calculation.

The potential for resource expansion exists along strike and at depth. Higher-grade zones near surface provide for many development options and potential to improve the project economics.

On November 30, 2011, a state-sponsored economic study by Chmura Economics & Analytics concluded that the Coles Hill uranium project would bring much needed jobs, tax revenue and investment to an area of Virginia that remains economically depressed. The Chmura study said that the mining operation Virginia Uranium Inc. has proposed for Coles Hill would support a total of more than 1,000 direct and indirect jobs and have an annual net positive economic impact of approximately \$135 million. The study predicts that over the 35-year life of the operation, the Coles Hill site could generate almost \$5 billion in net accumulated economic revenue for Virginia firms. The reader is cautioned that this economic study was completed by another organization independent of Virginia Energy. An NI43-101 compliant feasibility study has not been completed and there is no guarantee the proposed operation would be economically viable given the uncertainty of future uranium prices in combination with permitting risk related to the current moratorium on uranium mining.

In January 2012, the Virginia Governor, at the time, announced his decision to create an interagency task force to analyze the state's ability to adopt and enforce uranium mine regulations. The governor's decision was an important milestone toward advancing a regulatory framework that could potentially enable the construction and operation of one of the safest uranium mines in the world at the Coles Hill site.

Legislation to lift the moratorium on uranium mining in Virginia was scheduled for debate in the Virginia State Legislature during the 2013 winter session. The Company believed that the necessary votes existed in the State House of Delegates to pass such a bill. However, due to a shortfall of votes in the Virginia State Senate, legislation to lift the moratorium was withdrawn by its chief patron, Senator John Watkins in February 2013 prior to debate. Senator Watkins had planned to re-introduce uranium legislation during the winter 2014 General Assembly session but the election of a Democrat as Governor (Terry McAuliffe) and the public announcement by the new Governor that he would veto any pro-uranium legislation means that any such bill would fail to become law. In Virginia, Governors cannot run for a second consecutive term. Thus the Company is hopeful that the next Governor elect will support policies that are more favorable toward the mining industry. On November 7, 2017, Ralph Northam, a Democrat won an election for governor of Virginia. The Company is assessing the implications for the Company.

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In addition, the Company's actual results could differ materially from those anticipated due to failure to lift the moratorium on uranium mining in Virginia. The Company is currently engaged in two lawsuits against the Commonwealth of Virginia to overturn its moratorium on uranium mining. The Company's position in the case filed in federal court is that the Commonwealth of Virginia's ban on uranium mining is pre-empted by federal law and is therefore invalid under the Supremacy Clause of the United States Constitution. A federal judge ruled against the lawsuit in December 2015. The Company appealed such ruling to the United States Court of Appeal for the Fourth Circuit. The appeal was heard on October 28, 2016 and the Court ruled against the Company and denied the appeal. On May 21, 2017, the Company filed a petition for writ of certiorari with the United States Supreme Court to hear its appeal of the decision of the Fourth Circuit (the "Federal Appeal"). On November 25, 2015, the Company filed a separate state law-based lawsuit in the Circuit Court of Wise County seeking injunctive and other relief overriding the ban on mining in a takings claim. The Commonwealth of Virginia filed a motion to dismiss the case and a plea in bar. A state judge issued an order denying the motion to dismiss and plea in bar, and the trial scheduled for December was postponed and no new trial date has been set.

The Solicitor General of the U.S. Department of Justice and the U.S. Nuclear Regulatory Commission filed an amicus curiae brief with the United States Supreme Court in connection with the writ filed by the Company to hear the Federal Appeal. The question presented in the Federal Appeal is whether the Atomic Energy Act of 1954 pre-empts state laws that prohibit activities within a state's regulatory jurisdiction when such laws are grounded in radiological-safety concerns. In the brief, the Solicitor General expresses the view of the United States that the Company's petition for writ of certiorari should be granted and the Supreme Court should grant the Company's petition and hear the Federal Appeal.

On May 21, 2018, the United States Supreme Court granted the Company's petition for writ of certiorari and arguments in the case were heard on November 5, 2018. A decision by the court is expected no later than June 2019.

DISCUSSION OF OPERATIONS

Being in the exploration and development stage the Company does not have revenues from operations other than for receipts from the rental of some of its land to adjacent ranchers, recent sales of timber rights and interest income from its cash. In addition, a sale of a portion of the Jackson/Womack property was concluded in the year ended December 31, 2016. The land was not material to the resource deposit. No changes to the land base were made in the three months ended March 31, 2019.

Summary of Quarterly Results

The following table reports selected financial information of the Company for the past eight quarters.

Quarter ended	31-Mar-19	31-Dec-18	30-Sep-18	30-Jun-18
Revenue ⁽¹⁾	\$ -	\$ -	\$ -	\$ -
Net loss	\$ (32,765)	\$ (244,855)	\$ (146,381)	\$ (117,983)
Loss per share	\$ (0.000)	\$ (0.000)	\$ (0.000)	\$ (0.000)

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Quarter ended	31-Mar-18	31-Dec-17	30-Sep-17	30-Jun-17
Revenue ⁽¹⁾	\$ -	\$ -	\$ -	\$ -
Net loss	\$ (76,284)	\$ (266,372)	\$ (573,398)	\$ (280,178)
Loss per share	\$	\$ (0.000)	\$ (0.010)	\$ (0.000)

⁽¹⁾ the Company is in the exploration stage and has no revenue;

Loss for the quarter

Net loss and comprehensive loss of \$32,765 was recorded for the three months ended March 31, 2019, a reduction of \$43,519 from the loss of \$76,284 for the three months ended March 31, 2018. Compensation and benefits for the three months ended March 31, 2019 were \$15,870 compared to \$31,826 for the three months ended March 31, 2018. General and administrative expenses paid in the three months ended March 31, 2019 were \$24,311 (\$32,739 – 2018).

Liquidity and Financial Resources

At March 31, 2019, the Company had working capital of \$117,794 as compared to working capital of \$150,559 at December 31, 2018, a decrease in working capital of \$32,805. Net cash and cash equivalents, net of foreign exchange effects, decreased by \$60,287 from \$168,377 at December 31, 2018 to \$108,090 at March 31, 2019.

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 expenditures, and expenditures have been adjusted accordingly.

The Company continues to take a prudent approach to its expenditures to preserve cash and has reduced its monthly cash outlays following various rational measures.

Cash flows for the three months ended March 31, 2019

During the three months ended March 31, 2019, the Company used \$62,400 of cash in operating activities as compared to using cash of \$121,206 in the three months ended March 31, 2018 for operating activities. Legal fees continue to be the Company's largest expense while lawsuits wind their way through the court system.

No investing or financing activities took place.

OFF-BALANCE SHEET ARRANGEMENTS

There are no off-balance sheet arrangements.

PROPOSED TRANSACTIONS

There are no proposed transactions.

RELATED PARTY TRANSACTIONS

Related party transactions are measured in the normal course of business at fair value.

The key management personnel of the Company are the directors and officers of the Company. Compensation awarded to officers and directors for the three months ended March 31, 2019 and 2018 are as follows:

Salaries and consulting fees paid to:	2019	2018
Officers	\$ 1,204	\$ 16,203
Directors (for administration and legal services)	\$ 1,750	\$ -

In accordance with Item 1.9 of Part 2 of Form 51-102.F1 the Company has no ongoing contractual commitments with related parties. Consulting fees are paid or are payable to Forde Management & Associates Ltd. for services of the Chief Financial Officer on a time served basis. Legal fees are paid to Woods Rogers PLC for services of Mr. Neal Keesee, director and Corporate Secretary. Consulting fees are paid or are payable to JMK Financial Services LLC for services of Mr. Joseph Kiely, director. Fees are paid to Walter Coles, Sr., director and Chief Executive Officer for administration services.

Other than the amounts disclosed above, there were no short-term employee benefits or share-based payments paid to key management personnel during the three months ended March 31, 2019 and 2018.

Included in accounts payable and accrued liabilities is \$nil (December 31, 2018 - \$2,788) due to related parties for services performed during the period.

USE OF ESTIMATES AND JUDGMENTS

Significant Accounting Estimates and Judgments

The preparation of the Company's consolidated interim financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and contingent liabilities at the date of the 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 the estimates that have the most significant effect on the amounts recognized in the consolidated financial statements are as follows:

- Recoverable value of interests in exploration in evaluation assets - The carrying value of exploration and evaluation assets and the likelihood of future economic recoverability of these carrying values is subject to significant management estimates. The application of the Company's accounting policy for and determination of recoverability of capitalized assets is based on assumptions about future events or circumstances. New information may change estimates and assumptions made. If information becomes available indicating that recovery of expenditures are unlikely, the amounts capitalized are

impaired and recognized as a loss in the period that the new information becomes available. A change in estimate could result in the carrying amount of capitalized assets being materially different from their presented carrying costs.

- Recognition of deferred taxes – The Company recognizes a deferred tax asset to the extent recovery is probable. Assessing the recoverability of deferred tax assets requires management to make significant estimates of future taxable income against which deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilized. In addition, changes in tax laws could limit the ability of the Company to obtain tax deductions in the future periods.
- Assumptions used in the calculation of the fair value assigned to share-based payments - The Black-Scholes option pricing models require the input of subjective assumptions, including expected price volatility, interest rate and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's contributed surplus.

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

- Carrying value and recoverability of exploration and evaluation assets – Assets or cash-generating units (“CGUs”) are evaluated at each reporting date to determine whether there are any indications of impairment. The Company considers both internal and external sources of information when making the assessment of whether there are indications of impairment for the Company’s exploration and evaluation assets.
- Usage of the going concern assumption - The assessment of the Company’s ability to continue as a going concern and to raise sufficient funds to pay its ongoing operating expenditures, meet its liabilities for the ensuing year, and to fund planned and contractual exploration programs, involves significant judgment based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.
- Determination of functional currency - The determination of the functional currency for the Company and its subsidiaries is based on management's judgment of the underlying transactions, events and conditions relevant to each entity.

NEWLY ADOPTED ACCOUNTING STANDARDS AND NEW ACCOUNTING STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

Newly Adopted Accounting Standards

The following standards have become effective during the current year:

IFRS 9 Financial Instruments

Effective January 1, 2018, the Company adopted the requirements of IFRS 9 Financial Instruments (“IFRS 9”), which replaced the previous standard IAS 39 Financial Instruments – Recognition and Measurement (“IAS 39”) using the modified retrospective approach. There were no changes to the carrying value of any of the Company’s assets or liabilities as a result of this new accounting standard.

IFRS 16 Leases

This new standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both the lessee and the lessor. The new standard introduces a single lessee accounting model that requires the recognition of all assets and liabilities arising from a lease.

The main features of the new standard are as follows:

- An entity identifies as a lease a contract that conveys the right to control the use of an identified asset for a period of time in exchange for consideration.
- A lessee recognizes an asset representing the right to use the leased asset, and a liability for its obligation to make lease payments. Exceptions are permitted for short-term leases and leases of low-value assets.
- A lease asset is initially measured at cost, and is then depreciated similarly to property, plant and equipment. A lease liability is initially measured at the present value of the unpaid lease payments.
- A lessee presents interest expense on a lease liability separately from depreciation of a lease asset in the statement of profit or loss and other comprehensive income.
- A lessor continues to classify its leases as operating leases or finance leases, and to account for them accordingly.
- A lessor provides enhanced disclosures about its risk exposure, particularly exposure to residual-value risk.

This standard is applicable to the Company's annual period beginning January 1, 2019. The Company has assessed the implications of adoption and does not expect the adoption of this standard to have a significant impact on the Company's consolidated financial statements.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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

Other Price Risk

Other price risk is the risk that the fair or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk. The Company is not exposed to other price risk.

Liquidity risk and fair value hierarchy

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they are due. The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity to meet its liabilities when due.

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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Currency risk

The Company is exposed to foreign currency risk, as it operates in the United States and Canada and certain expenditures are denominated in non-US dollar currencies. Canadian dollar denominated balances generated foreign exchange gains and losses that are reported on the consolidated statement of operations and comprehensive loss. A strengthening or weakening 3% for the three months ended March 31, 2019 (for the year ended December 31, 2018 - 7%) in the US dollar against the Canadian dollar would have an impact of \$2,000 for the three months ended March 31, 2019 (for the year ended December 31, 2018 - \$36,000) on net and comprehensive income (loss).

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

Canadian dollar accounts		March 31, 2019		December 31, 2018
Cash and cash equivalents	\$	47,129	\$	85,520
Commodity taxes receivable		1,257		765
Accounts payable and accrued expenses		(22,079)		(34,584)
	\$	26,307	\$	51,701

Interest Rate Risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. Interest earned on cash is at nominal interest rates, and therefore the Company does not consider interest rate risk to be significant.

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

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The Company has no significant concentration of credit risk arising from operations. Cash is held with major financial institutions. Due from related parties has been collected. The maximum exposure to credit risk is limited to amounts shown on the consolidated statement of financial position.

RISK FACTORS

New Legislation Must Be Passed in Virginia to Lift the Moratorium on Uranium Mining

The Virginia Code of 1950 was amended in 1982 such that no application for uranium mining shall be accepted by any agency of the Commonwealth of Virginia until a program for permitting the mining of uranium is established by statute. Before mining development activities at the Coles Hill project can proceed, the Virginia General Assembly must enact legislation authorizing and establishing a permitting program.

On November 5, 2013, Terry McAuliffe, was elected to be Virginia's next Governor. Within days following the election, the Governor-Elect announced his intention to veto any pro-uranium mining legislation that might come out of the next legislative session in Virginia. Therefore, the Company has decided not to support the introduction of new uranium mining legislation in January 2014. As a result of the Governor-Elect's statement, the possibility of lifting the uranium mining moratorium will be significant challenge during the entirety of his four year tenure as Governor of Virginia. The Company is currently evaluating its options for the interim period and implemented a substantial reduction in its operating budget.

Assuming such legislation is eventually passed to, in effect lift the moratorium on uranium mining, it would then be necessary for the Virginia Department of Mines Minerals and Energy (the "DMME"), which regulates mining in Virginia, to adopt the permitting regulations in accordance with the Virginia Administrative Process Act (the "VAPA"). Under the VAPA, new regulations are subject to a comment and review process that may include one or more public hearings.

Once the DMME adopts permitting regulations, the Company would need to apply for a mining permit from the DMME, as mining activities in the Commonwealth of Virginia are not allowed unless a permit is granted from the DMME. Until state legislation establishing a uranium mining permit program is enacted and regulations are in place, it is not possible to predict with precision the procedures necessary to obtain a mining permit. It is likely that those procedures would include many public hearings prior to issuance of a state mining permit.

Agreement states are authorized to implement and enforce regulations controlling source and by-product materials (milling, processing and tailings management) in lieu of the Nuclear Regulatory Commission (the "NRC"). However, Virginia is not currently an agreement state with regard to uranium milling and tailings management. Therefore, the Company would need to apply to the NRC for permission to construct a uranium mill and tailings containment facility. The federal permit approval process for such facilities is a lengthy, multi-year undertaking. There is no certainty that the Company would be successful in its application to the NRC for permission to construct and operate a uranium mill and tailings containment facility.

Given the many approvals that the Company would have to obtain in order to commence mining on the Coles Hill property, there can be no assurances as to when or even if the Company will be able to commence mining operations. If the Company were unable to commence mining on the Coles Hill property on a timely basis or at all, the Company's operations and financial condition would be materially affected in an adverse manner.

Uncertainty of Funding

The exploration, permitting and development of the Coles Hill project requires a substantial amount of capital and greatly depends on the Company's ability to obtain funding through equity financings, joint ventures, or other means. Poor capital market conditions for junior mining companies and volatile uranium markets may make it difficult to secure financing necessary to maintain the viability of the Company. While the Company

did complete a financing in January 2013, there is no assurance that the Company will be successful in obtaining future financing as needed or on acceptable terms.

Environmental Groups Oppose Uranium Mining in Virginia

Numerous environmental organizations exist in Virginia that are dedicated to the opposition of the mining industry and in particular, uranium mining. Although the Company intends to comply with all environmental laws and permitting obligations in conducting its business, there is certainty that those opposed to the Coles Hill project will attempt to interfere with the Company's development and operation, whether by legal process, regulatory process or otherwise. Such interference will have an adverse effect on the Company's ability to obtain necessary or appropriate permits and approvals or otherwise carry-out its operations. The efforts by these opposition groups may prevent the Company from ever advancing the Coles Hill project to commercial production.

New Uranium Mining Regulations Could Negatively Impact the Coles Hill Project's Economic Viability

If it appears that Virginia intends to lift the moratorium, environmental groups may attempt to persuade the State to adopt uranium mining regulations that are so onerous as to jeopardize the economic feasibility of the Coles Hill project. Consequently, the conclusions from the Company's most recent 43-101 Preliminary Economic Assessment Report (June 2012 and revised August 2013) may prove to be inaccurate. For instance, overly onerous regulations might dramatically increase the estimates for capital expenditures and operating costs for the Coles Hill project to the point where the required return on capital is insufficient to support the advancement of the project to commercial production.

No History of Uranium Mining Operations in Virginia

The Company does not have a history of uranium production in Virginia. There is no assurance that commercial quantities of uranium will be mined at the Coles Hill project or other future properties. Even with commercial quantities of uranium, there can be no assurance that the Coles Hill project will ever be brought to a stage where uranium resources can profitably be produced. Factors which may limit the Company's ability to produce uranium from the Coles Hill project include, but are not limited to, lack of regulatory approvals, declining spot price for uranium, availability of additional capital and financing and the nature of any mineral deposits.

Public Acceptance of Nuclear Energy and Competition from Other Energy Sources

Growth of the uranium and nuclear power industry will depend upon continued and increased acceptance of nuclear technology as a means of generating electricity. Because of unique political, technological and environmental factors that affect the nuclear industry, including the risk of a nuclear incident, the industry is subject to public opinion risks that could have an adverse impact on the demand for nuclear power and increase the regulation of the nuclear power industry. Nuclear energy competes with other sources of energy, including oil, natural gas, coal and hydro-electricity. These other energy sources are to some extent interchangeable with nuclear energy, particularly over the longer term. Sustained lower prices of oil, natural gas, coal and hydroelectricity may result in lower demand for uranium concentrates. Technical advancements in renewable and other alternate forms of energy, such as wind and solar power, could make these forms of energy more commercially viable and put additional pressure on the demand for uranium concentrates.

Technical Innovation and Obsolescence

Technological changes in nuclear reactors, enrichment technological innovations and other changes could reduce the demand for uranium.

Nature of Exploration and Development

Exploration for and development of mineral properties is speculative, and involves significant operational, political and financial risks that even a combination of careful evaluation, experience and knowledge may not eliminate. While the discovery of an ore body may result in substantial rewards, only a few properties, which are explored, become commercially mineable or ultimately developed into producing mines. The economic feasibility of development projects is based upon many factors, including, among others: the accuracy of mineral reserve and/or resource estimates; metallurgical recoveries; capital and operating costs of such projects; government regulations relating to prices, taxes, royalties, infrastructure, land tenure, land use, importing and exporting, and environmental protection; and uranium prices, which are historically cyclical.

Development projects are also subject to the successful completion of engineering studies, issuance of necessary governmental permits and availability of adequate financing. Development projects have no operating history upon which to base estimates of future cash flow. The Company also conducts economic studies which derive estimates of capital and operating costs based upon many factors, including, among others: anticipated tonnage and grades of ore to be mined and processed; the configuration of the ore body; ground and mining conditions; expected recovery rates of the uranium from the ore; and alternate mining methods. It is possible that actual costs and economic returns of current and new mining operations may differ materially from the Company's estimates. It is not unusual in the mining industry for new mining operations to experience unexpected problems during the start-up phase, take much longer than originally anticipated to bring into a producing phase, and to require more capital than anticipated.

Global Economic Downturn

In the event of a continued general economic downturn or a recession, there can be no assurance that the business, financial condition and results of operations of the Company would not be materially adversely affected. Current global financial conditions have been subject to increased volatility, and numerous commercial and financial enterprises have either gone into bankruptcy or creditor protection or have had to be rescued by governmental authorities. Access to public financing has been negatively impacted by sub-prime mortgage defaults in the United States, the liquidity crisis affecting the asset-backed commercial paper and collateralized debt obligation markets, massive investment losses by banks with resultant recapitalization efforts and deterioration in the global economy. Although economic conditions have shown improvement in recent years, the recovery from the recession has been slow in various jurisdictions including in Europe and the United States and has been impacted by various ongoing factors including sovereign debt levels and high levels of unemployment, which continue to impact commodity prices and which have resulted in high volatility in currencies and global debt and stock markets.

These factors may impact the Company's ability to obtain financing on terms commercially reasonable to the Company, or at all. If these increased levels of volatility and market turmoil continue, the Company's operations could be adversely impacted and the trading price of the Company's securities could continue to be adversely affected.

Market Price of Common Shares

Securities of mining companies have experienced substantial volatility in the past, often based on factors unrelated to the financial performance or prospects of the companies involved. These factors include macroeconomic conditions in North America and globally, and market perceptions of the attractiveness of particular industries. The price of the Company's common shares is also likely to be significantly affected by short-term changes in commodity prices, other mineral prices, currency exchange fluctuation, or in its financial condition or results of operations as reflected in its periodic earnings reports. Other factors unrelated to the performance of the Company that may have an effect on the price of the securities of the Company include the following: the extent of analytical coverage available to investors concerning the business of the Company may be limited if investment banks with research capabilities do not follow the Company's securities; lessening in trading volume and general market interest in the Company's securities may affect an investor's ability to trade significant numbers of securities of the Company; the size of the Company public float and its inclusion in market indices may limit the ability of some institutions to invest in the Company's securities; and a substantial decline in the price of the securities of the Company that persists for a significant period of time could cause the Company's securities to be delisted from an exchange, further reducing market liquidity. If an active market for the securities of the Company does not continue, the liquidity of an investor's investment may be limited and the price of the securities of the Company may decline. If an active market does not exist, investors may lose their entire investment in the Company. As a result of any of these factors, the market price of the securities of the Company at any given point in time may not accurately reflect the long-term value of the Company. Securities class-action litigation often has been brought against companies following periods of volatility in the market price of their securities. The Company may in the future be the target of similar litigation. Securities litigation could result in substantial costs and damages and divert management's attention and resources.

Dilution From Further Equity Financing

If the Company raises additional funding by issuing equity securities or securities convertible, exercisable or exchangeable for equity securities, such financing may substantially dilute the interests of shareholders of the Company and reduce the value of their investment.

Governmental Regulation and Policy Risks

Exploration, development, mining and milling of minerals and the transportation and handling of the products produced are subject to extensive federal, state and local laws and regulations governing, among other things, acquisition of the mining interests, maintenance of claims, tenure, expropriation, prospecting, exploration, development, mining, milling and production, price controls, exports, imports, taxes and royalties, labor standards, occupational health, waste disposal, toxic substances, water use, land use, , environmental protection and remediation, endangered and protected species, mine and mill decommissioning and reclamation, mine safety, transportation safety and emergency response and other matters. Compliance with such laws and regulations has increased/will increase the costs of exploring, drilling, developing, constructing, operating and closing the Company's mines and processing facilities. It is possible that, in the future, the costs, delays and other effects associated with such laws and regulations may impact the Company's decision as to whether to proceed with exploration or development, or that such laws and regulations may result in the Company incurring significant costs to remediate or decommission properties that do not comply with applicable environmental standards at such time. The Company expends significant financial and managerial resources to comply with such laws and regulations. The Company anticipates it will have to continue to do so as the historic trend toward stricter government regulation may continue. There can be no assurance that future changes in applicable laws and regulations will not adversely affect the operations or financial condition

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of the Company. New laws and regulations, amendments to existing laws and regulations or more stringent implementation of existing laws and regulations, including through stricter license and permit conditions, could have a material adverse impact on the Company, increase costs, cause a reduction in levels of, or suspension of and/or delay or prevent the development of new mining properties. A number of elected state political positions, including the governor, were filled by new people in the November 2013 elections. There is a risk that moratoriums on mining in Virginia will not be lifted soon or at all.

Litigation

The Company may be subject to litigation arising in the normal course of business and may be involved in disputes with other parties in the future which may result in litigation. The causes of potential future litigation cannot be known and may arise from, among other things, business activities, environmental laws, volatility in stock price or failure to comply with disclosure obligations. The results of litigation cannot be predicted with certainty. If the Company is unable to resolve these disputes favourably, it may have a material adverse impact on the Company's financial performance, cash flow and results of operations.

Dependence on Key Personnel and Qualified and Experienced Employees

The Company's success will largely depend on the efforts and abilities of certain senior officers and key employees. Certain of these individuals have significant experience in the mining industry as well as local expertise within southern Virginia. The number of individuals with significant experience in this industry is small. While the Company does not foresee any reason why such officers and key employees will not remain with the Company, if for any reason they do not, the Company could be adversely affected. The Company has not purchased key man life insurance for any of these individuals.

The Company's success will also depend on the availability of qualified and experienced employees to work in the Company's operations and the Company's ability to attract and retain such employees. The number of individuals with relevant mining and operational experience in this industry is small.

Conflicts of interest

Some of the directors of the Company are also directors of other companies that are similarly engaged in the business of acquiring, exploring and developing natural resource properties. Such corporate opportunities presented to a director of the Company may be offered to another company or companies with which the director is associated, and may not be presented or made available to the Company. The directors of the Company are required by law to act honestly and in good faith with a view to the best interests of the Company, to disclose any interest which they may have in any project or opportunity of the Company, and to abstain from voting on such matter.

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Capital Stock as at May 24, 2019:

Authorized:

Unlimited number of voting common shares

Unlimited number of redeemable, retractable, convertible, preferred shares

Issued:

57,230,614 common shares.

Stock Options:

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Number	Exercise Price	Date of Expiry
3,940,000	(CAD\$) \$0.15	August 21, 2022
3,940,000		

Fully diluted:

61,170,614 common shares

Directors

Walter Coles, Sr., *Chatham, Virginia*
Neal Keesee, *Chatham, Virginia*
Harold Roberts, *Englewood, Colorado*
Joseph Kiely, *New York, New York*

Auditors Smythe

Legal Counsel Cassels Brock

Officers

Walter Coles, Sr., *President & CEO*
Walter Coles, Jr., *Executive Vice President of
Corporate Development*
Karen A. Allan, *CFO*
Neal Keesee, *Corp. Secretary*