VIRGINIA ENERGY RESOURCES INC.

CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2019 and 2018

(expressed in US dollars)

Smythe CPA

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF VIRGINIA ENERGY RESOURCES INC.

Opinion

We have audited the consolidated financial statements of Virginia Energy Resources Inc. (the "Company"), which comprise:

- the consolidated statements of financial position as at December 31, 2019 and 2018;
- the consolidated statements of loss and comprehensive loss for the years then ended;
- the consolidated statements of changes in shareholders' equity for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company incurred a net loss of $19,693,490 during the year ended December 31, 2019 and, as of that date, the Company had a working capital deficiency of $92,570 and an accumulated deficit of $47,351,395. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises of the information included in the Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, and remain alert for indications that the other information appears to be materially misstated.

We obtained the Management's Discussion and Analysis prior to the date of this auditors' report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditors' report. We have nothing to report in this regard.

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Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditors' report is Sukhjit Gill.

Smythe LLP

Chartered Professional Accountants

Vancouver, British Columbia
April 15, 2020

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

		As at December 31	
	Note	**2019**	**2018**
Assets			
Current			
Cash and cash equivalents		**$ 72,265**	$ 168,377
Commodity taxes receivable		**140**	561
Other assets		**5,545**	26,503
		77,950	195,441
Exploration and evaluation assets	5	**3,753,300**	23,203,661
Total assets		**$ 3,831,250**	$ 23,399,102
Liabilities			
Current			
Accounts payable and accrued liabilities	9	**$ 170,520**	$ 44,882
Total liabilities		**170,520**	44,882
Shareholders' equity			
Capital stock	6	**50,621,328**	50,621,328
Contributed surplus		**390,797**	390,797
Accumulated other comprehensive income	12	**-**	887,922
Deficit		**(47,351,395)**	(28,545,827)
Total shareholders' equity		**3,660,730**	23,354,220
Total liabilities and shareholders' equity		**$ 3,831,250**	$ 23,399,102

See accompanying notes to consolidated financial statements

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

"Joe Kiely" (signed) *"Neal Keesee" (signed)*

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

	Note		For the years ended December 31		
			2019		**2018**
Expenses					
Compensation and benefits	9	**$**	**65,081**	$	117,831
Public relations			**804**		15,994
Professional fees	9		**185,947**		320,856
General and administrative			**75,257**		123,570
			(327,089)		(578,251)
Interest income			**434**		1,853
Timber sales and other income			**98,550**		19,401
Foreign exchange loss			**(1,024)**		(28,506)
Impairment of surety bond	5		**(14,000)**		-
Impairment of exploration and evaluation assets	5		**(19,450,361)**		-
			(19,366,401)		(7,252)
Net loss and comprehensive loss for the year		**$**	**(19,693,490)**	$	(585,503)
Basic and diluted loss per share		**$**	**(0.34)**	$	(0.01)
Weighted average number of common shares outstanding			**57,230,614**		57,230,614

See accompanying notes to consolidated financial statements

VIRGINIA ENERGY RESOURCES INC.
Consolidated Statements of Changes in Shareholders' Equity
(expressed in US dollars)

	Capital Stock		Accumulated Other Comprehensive Income	Contributed Surplus	Deficit	Total Shareholders' Equity
	Common Shares	Amount				
Balance, December 31, 2017	57,230,614	$ 50,621,328	$ 887,922	$ 611,963	$ (28,181,490)	$ 23,939,723
Stock options expired	-	-	-	(221,166)	221,166	-
Net loss for the year	-	-	-	-	(585,503)	(585,503)
Balance, December 31, 2018	57,230,614	50,621,328	887,922	390,797	(28,545,827)	23,354,220
Reclassification of accumulated other comprehensive income (Note 12)	-	-	(887,922)	-	887,922	-
Net loss for the year	-	-	-	-	(19,693,490)	(19,693,490)
Balance, December 31, 2019	**57,230,614**	**$ 50,621,328**	**$ -**	**$ 390,797**	**$ (47,351,395)**	**$ 3,660,730**

See accompanying notes to consolidated financial statements

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

		For the years ended December 31		
		2019		2018
Cash from operating activities				
Net loss for the year	**$**	**(19,693,490)**	$	(585,503)
Non-cash items:				
Foreign exchange		**1,110**		28,506
Impairment of surety bond		**14,000**		-
Impairment of exploration and evaluation assets		**19,450,361**		-
Net changes in non-cash working capital items				
Commodity taxes receivable		**421**		(395)
Due from related parties		**-**		8,172
Other assets		**6,958**		9,237
Accounts payable and accrued liabilities		**125,638**		(39,284)
Cash used in operating activities		**(95,002)**		(579,267)
Decrease in cash and cash equivalents		**(95,002)**		(579,267)
Foreign exchange effects on cash and cash equivalents		**(1,110)**		(28,506)
Cash and cash equivalents, beginning of the year		**168,377**		776,150
Cash and cash equivalents, end of the year	**$**	**72,265**	$	168,377
Composition of cash and cash equivalents:				
Cash	**$**	**72,265**	$	158,378
Cash equivalents		**-**		9,999
Cash and cash equivalents, end of year	**$**	**72,265**	$	168,377

See accompanying notes to consolidated financial statements

1. NATURE OF OPERATIONS AND GOING CONCERN

Virginia Energy Resources Inc. (the "Company" or "Virginia") is a resource company focused on the exploration and development of uranium deposits located in the southern part of Virginia in the United States. Virginia was incorporated in the Yukon on August 31, 2007 and was continued to British Columbia under the *British Columbia Corporations Act* on May 21, 2009. The head office of the Company is located at 650 - 1021 West Hastings Street, Vancouver, British Columbia, Canada, V6E 0C3.

These consolidated financial statements have been prepared on a going concern basis, which contemplates that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business, rather than through a process of forced liquidation. The Company incurred a net loss of $19,693,490 for the year ended December 31, 2019 (2018 - $585,503) and had an accumulated deficit of $47,351,395 as at December 31, 2019 (2018 - $28,545,827). The Company's ability to continue as a going concern is dependent upon the ability of the Company to raise additional equity financing to meet general working capital requirements and ultimately complete the exploration and development of its uranium deposits and the attainment of profitable operations. The Company will be required to raise additional financing for the coming year. 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.

During 2019, the Company was engaged in two lawsuits against the Commonwealth of Virginia to overturn its moratorium on uranium mining. Under the first lawsuit, the Company's position was 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. On June 17, 2019, the United Supreme Court ruled that the federal Atomic Energy Act does not preempt state laws, denying the Company's appeal and in effect, upholding the state of Virginia's moratorium on uranium mining. This lawsuit is now finished as the Company has exhausted all of its appeal rights.

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 2016 was postponed and no new trial date has been set. The Company is still pursuing this lawsuit.

These matters indicate the existence of material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern. The Company's discretionary activities have considerable scope for flexibility in terms of the amount and timing of expenditures, which may be adjusted accordingly. These consolidated financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. If the going concern assumptions were not appropriate for these consolidated financial statements then adjustments would be necessary to the carrying value of assets and liabilities, the reported expenses, and the statement of financial position classifications used. Such adjustments could be material.

2. BASIS OF PRESENTATION

Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standard ("IFRS"), as issued by the International Accounting Standards Board, are consistent with interpretations by the International Financial Reporting Interpretations Committee ("IFRIC") and are reported in US dollars.

These consolidated financial statements were authorized for issuance by the Company's Board of Directors on April 15, 2020.

Basis of measurement

These consolidated financial statements have been prepared on an historical cost basis with the exception of certain financial instruments that are measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

Basis of consolidation

These consolidated financial statements include the accounts of the Company and its subsidiaries, listed below.

Subsidiaries are those entities which the Company controls by having the power to govern the financial and operating policies. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity. Subsidiaries are fully consolidated from the date on which control is obtained by the Company and are de-consolidated from the date that control ceases. All significant intercompany balances and transactions have been eliminated.

Name of Subsidiary	Nature of Operations	Place of Incorporation
Virginia Uranium Inc. ("VirginiaCo")	Exploration and development of uranium deposits	Virginia, USA
Southside Cattle Company LLC ("Southside")	Holding Company	Virginia, USA

During the year ended December 31, 2019, the Company dissolved the subsidiary, VA Uranium Holdings (Note 12).

Functional and presentation currency

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

2. BASIS OF PRESENTATION (Continued)

Use of estimates and judgments

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

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

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.

- 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.

2. BASIS OF PRESENTATION (Continued)

Use of estimates and judgments (Continued)

- 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.

3. SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

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

Exploration and evaluation assets

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

The exploration and evaluation assets remain capitalized until these assets are placed into production, disposed of through sale or where management has determined there to be impairment. If an exploration and evaluation asset is abandoned, the acquisition costs capitalized will be written off to operations in the period of abandonment. If an exploration and evaluation asset is sold within the same CGU, the proceeds will be deducted from the capitalized costs.

At each reporting date, exploration and evaluation assets are reviewed on a property by property basis to consider if there is any indicator of impairment. If any indication of impairment exists, an estimate of the exploration and evaluation assets' recoverable amount is calculated.

The recoverable amount is determined as the higher of fair value less costs of disposal for the exploration and evaluation property interest and their value in use. The fair value less costs of disposal and the value in use are determined for an individual exploration and evaluation property interest, unless the exploration and evaluation property interest does not generate cash inflows that are largely independent of other exploration and evaluation property interests. If this is the case, the exploration and evaluation property interests are grouped together into CGUs for impairment purposes.

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

Where impairment subsequently reverses, the carrying amount of the asset is increased to the revised the recoverable amount, up to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior periods. A reversal of an impairment loss is recognized in the period in which that determination was made in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reclamation liabilities

Reclamation liabilities are legal obligations associated with the retirement of long-lived assets that the Company is required to settle. The Company recognizes a provision for these costs as the related disturbances occur, using the best estimate of future costs based on information available at the consolidated statement of financial position date, including an adjustment for risk when there is significant variability in possible outcomes. The Company discounts the provision using a current inflation adjusted pre-tax risk-free interest rate and includes the accretion of the discounted amount over time in finance costs in the consolidated statement of loss and comprehensive loss. The carrying amount of the related long-lived asset is increased by the same amount as the liability. At December 31, 2019 and 2018, the Company had not undertaken disturbances that would require recognition of a reclamation liability.

Capital stock

Capital stock issued for non-monetary consideration is valued at the pre-determined private placement price. The proceeds from the issuance of units are allocated between common shares and warrants based on the residual value method. Under this method, the proceeds are allocated first to capital stock based on the fair value of the common shares at the time the units are priced and any residual value is allocated to the warrants reserve. Consideration received for the exercise of warrants is recorded in capital stock and the related residual value is transferred from warrant reserve to capital stock. For unexercised warrants that expire, the recorded value is transferred to deficit.

Share-based payments

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

Foreign currency translation

Transactions in foreign currencies are initially recorded in the functional currency at the rate in effect at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the spot rate of exchange in effect at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. All exchange differences are recorded in foreign exchange gain or loss in the consolidated statement of loss and comprehensive loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments

Financial assets

(a) Recognition and measurement of financial assets

The Company recognizes a financial asset when it becomes a party to the contractual provisions of the instrument.

(b) Classification of financial assets

The Company classifies financial assets at initial recognition as financial assets: measured at amortized cost, measured at fair value through other comprehensive income or measured at fair value through profit or loss.

Financial assets measured at amortized cost

A financial asset that meets both of the following conditions is classified as a financial asset measured at amortized cost.

- The Company's business model for the such financial assets, is to hold the assets in order to collect contractual cash flows.
- The contractual terms of the financial asset gives rise on specified dates to cash flows that are solely payments of principal and interest on the amount outstanding.

A financial asset measured at amortized cost is initially recognized at fair value plus transaction costs directly attributable to the asset. After initial recognition, the carrying amount of the financial asset measured at amortized cost is determined using the effective interest method, net of impairment loss, if necessary.

Financial assets measured at fair value through other comprehensive income ("FVTOCI")

A financial asset measured at fair value through other comprehensive income is recognized initially at fair value plus transaction cost directly attributable to the asset. After initial recognition, the asset is measured at fair value with changes in fair value in other comprehensive income.

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

A financial asset measured at fair value through profit or loss is recognized initially at fair value with any associated transaction costs being recognized in profit or loss when incurred. Subsequently, the financial asset is re-measured at fair value, and a gain or loss is recognized in profit or loss in the reporting period in which it arises.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

(c) Derecognition of financial assets

The Company derecognizes a financial asset if the contractual rights to the cash flows from the asset expire, or the Company transfers substantially all the risks and rewards of ownership of the financial asset. Any interests in transferred financial assets that are created or retained by the Company are recognized as a separate asset or liability. Gains and losses on derecognition are generally recognized in the consolidated statement of income (loss). However, gains and losses on derecognition of financial assets classified as FVTOCI remain within accumulated other comprehensive income.

Financial liabilities

(a) Recognition and measurement of financial liabilities

The Company recognizes financial liabilities when it becomes a party to the contractual provisions of the instruments.

(b) Classification of financial liabilities

The Company classifies financial liabilities at initial recognition as financial liabilities: measured at amortized cost or measured at fair value through profit or loss.

Financial liabilities measured at amortized cost

A financial liability at amortized cost is initially measured at fair value less transaction cost directly attributable to the issuance of the financial liability. Subsequently, the financial liability is measured at amortized cost based on the effective interest rate method.

Financial liabilities measured at fair value through profit or loss

A financial liability measured at fair value through profit or loss is initially measured at fair value with any associated transaction costs being recognized in profit or loss when incurred. Subsequently, the financial liability is re-measured at fair value, and a gain or loss is recognized in profit or loss in the reporting period in which it arises.

(c) Derecognition of financial liabilities

The Company derecognizes a financial liability when the financial liability is discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the consolidated statement of loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Offsetting financial assets and liabilities

Financial assets and liabilities are offset and the net amount is presented in the consolidated statement of financial position only when the Company has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the consolidated statement of loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

Fair value hierarchy

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

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

Income taxes

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income taxes (Continued)

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

Earnings (loss) per share

Basic earnings (loss) per share is calculated using the weighted average number of common shares outstanding during the year. The Company uses the treasury stock method for calculating diluted earnings (loss) per share. Under this method the dilutive effect on earnings per share is calculated on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds of such exercise would be used to purchase common shares at the average market price during the year. However, the calculation of diluted loss per share excludes the effects of various conversions and exercise of options and warrants that would be anti-dilutive. Shares held in escrow, other than where their release is subject to the passage of time, are not included in the calculation of the weighted average number of common shares outstanding.

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

New accounting standards adopted by the Company

IFRS 16 Leases

Effective January 1, 2019, the Company adopted IFRS 16 *Leases* (“IFRS 16”) using the modified retrospective approach. The comparative figures for the 2018 reporting period have not been restated and are accounted for under IAS 17 *Leases* (“IAS 17”), and IFRIC 4 *Determining Whether an Arrangement Contains a Lease*, as permitted under the specific transitional provisions in the standard.

The Company applied the exemption not to recognize right-of-use assets and lease liabilities for leases with less than 12 months of lease term and leases for low-value assets when applying IFRS 16 to leases previously classified as operating leases under IAS 17. As a result, there was no impact in the consolidated financial statements upon adoption of IFRS 16.

Accounting standards issued and effective in future periods

Several new standards, amendments to standards, and interpretations were not yet effective for the year ended December 31, 2019 and have not been applied in preparing these consolidated financial statements. There are currently no upcoming amendments, interpretations or new standards which are anticipated to have an impact on the Company’s consolidated financial statements.

(expressed in US dollars)

5. EXPLORATION AND EVALUATION ASSETS

Balance, December 31, 2017 and 2018	$	23,203,661
Impairment of exploration and evaluation assets		(19,450,361)
Balance, December 31, 2019	$	3,753,300

During the year ended December 31, 2019, due to the final ruling by the Supreme Court of the United States in favour of the state of Virginia upholding the ban on uranium mining, the Company determined there were indicators of impairment on its exploration and evaluation assets. In the determination of recoverable value, the Company determined that $3,753,300 was the best estimate of recoverable value, being the fair value less estimated cost of disposal of the Company's exploration and evaluation assets. The Company determined the fair value less cost of disposal based on Level 1 inputs, and accordingly, recorded an impairment loss of $19,450,361 in the consolidated statements of loss and comprehensive loss.

The Company also determined that the reclamation bond for surface disturbances was no longer collectible as the Company can no longer explore their exploration and evaluation assets. An impairment of $14,000 was recorded in the consolidated statements of loss and comprehensive loss.

The Coles Mineral Lease and the Bowen Mineral Lease

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

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

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

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

5. EXPLORATION AND EVALUATION ASSETS (Continued)

The Burt Lands

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

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

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

Option to Purchase the Crider Lands

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

5. EXPLORATION AND EVALUATION ASSETS (Continued)

The Marline Property

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

The Holmes Property

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

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

In addition, Holmes granted Southside an option to lease the Holmes Reserved Minerals for a period of 20 years from the date of exercise of such option (the "Holmes Option"). Southside (or its successors in interest) may exercise the Holmes Option at any time prior to 2045 upon written notice to Holmes. If the Holmes Option is exercised, Southside shall have the right to remove and sever all Holmes Reserved Minerals from the Holmes Property. In the event such Holmes Reserved Minerals are extracted, Southside shall pay to Holmes a royalty of 3% for sales of Holmes Reserved Minerals at a realized price per pound of less than $30, 4% for sales of Holmes Reserved Minerals at a realized price per pound at or greater than $30, but less than $100, and 5% for sales of Holmes Reserved Minerals at a realized price per pound at or greater than $100.

Moreover, if Southside ceases mining operations in Pittsylvania County, Virginia, or elects to sell the Holmes Property, the Holmes family shall have the right to repurchase the Holmes Property for the then fair market value determined based on the property being used for agricultural purposes.

The Timberland Property

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

5. EXPLORATION AND EVALUATION ASSETS (Continued)

The Martin Property

Pursuant to a contract (the "Martin Contract") for the purchase and sale of property dated October 24, 2007 between Southside and Barbara B. Martin ("Martin"), Southside purchased land contiguous to the Coles Hill property (the "Martin Property"). As consideration for the Martin Property, Southside paid an aggregate sum of $501,273 on closing.

Pursuant to the Martin Contract, Martin has retained all mineral rights to the Martin Property, to be conducted by underground mining (the "Martin Reserved Minerals").

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

The Jackson Property

Pursuant to a contract for the purchase and sale of property dated February 4, 2011, Southside purchased a parcel of land in Pittsylvania County (the "Jackson Property"). As consideration for the Jackson Property, Southside paid an aggregate sum of $806,206 on closing. During the year ended December 31, 2016, a portion of the land was sold for net proceeds of $881,056.

(expressed in US dollars)

6. CAPITAL STOCK

Authorized

Unlimited number of common shares without par value.

Issued and outstanding

As of December 31, 2019 and 2018, there were 57,230,614 common shares issued and outstanding.

Stock options

The Company has a rolling stock option plan (the "Plan") allowing for the reservation of common shares issuable under the Plan to maximum 10% of the number of the issued and outstanding common shares of the Company at any given time. The options granted to any one person in a total in any twelve-month period shall not exceed 5% of the issued and outstanding shares of the Company. The options granted to any one Consultant to the Company as a total in any twelve-month period shall not exceed 2% of the issued and outstanding Shares of the Company. Options granted to all employees, consultants and their associates engaged in investor relations activities for the Company in aggregate in any twelve-month period shall not exceed 2% of the issued and outstanding Shares of the Company. The term of stock options granted under the Plan may not exceed five years and the exercise price may not be less than the closing price of the Company's shares on the last business day immediately preceding the date of grant, less any permitted discount.

No options were granted during the years ended December 31, 2019 and 2018.

Stock option transactions are summarized as follows:

	Stock Options	
	Number of Options	**Weighted Average Exercise Price (CAD$)**
Outstanding, December 31, 2017	5,715,100	0.23
Expired	(1,775,100)	(0.42)
Outstanding, December 31, 2018 and 2019	**3,940,000**	**0.15**
Number exercisable	**3,940,000**	**0.15**

As at December 31, 2019 and 2018, the Company had the following outstanding stock options:

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

During the year ended December 31, 2018, 1,775,100 stock options expired unexercised. The originally calculated fair value of the options of $221,166 was reclassified from contributed surplus to deficit.

(expressed in US dollars)

7. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments include cash and cash equivalents and accounts payable and accrued liabilities. 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 meets its financial obligations as they are due. The Company manages its liquidity risk by managing cash expenditures, and by preparing and monitoring forecasts of cash expenditures to ensure that it will have sufficient liquidity to meet liabilities when due.

The carrying values for financial instruments, including cash and cash equivalents and accounts payable and accrued liabilities approximate fair values due to their short-term maturities. The Company's accounts payable and accrued liabilities generally have maturities of less than 90 days.

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 loss and comprehensive loss. A strengthening of 10% in the US dollar against the Canadian dollar would have decreased the Company's net loss and comprehensive loss by $14,300 (2018 – increase of $6,900) due to the impact of the exchange rate fluctuation on Canadian dollar denominated financial instruments.

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

Canadian dollar amounts	**December 31, 2019**	**December 31, 2018**
Cash	**$ 11,727**	$ 85,520
Commodity taxes receivable	**183**	765
Accounts payable and accrued liabilities	**(197,433)**	(34,584)
	$ (185,523)	$ 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.

(expressed in US dollars)

7. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

Interest rate risk (continued)

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 and comprehensive 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. The maximum exposure to credit risk is limited to amounts shown on the consolidated statement of financial position.

8. 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 of $3,660,730 (2018 - $23,354,220) 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 is available for exploration and development programs and administrative operations. The Company has not changed its approach to capital management during the year ended December 31, 2019 and 2018 and is not subject to any external capital restrictions.

9. RELATED PARTY TRANSACTIONS

Related party transactions are in the normal course of business and measured 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 years ended December 31, 2019 and 2018 are as follows:

Salaries and consulting fees paid to:		**2019**		**2018**
Officers	**$**	**4,835**	$	49,153
Directors (for administration and legal services)	**$**	**2,812**	$	8,438

Included in accounts payable and accrued liabilities is $7,647 (2018 - $2,788) due to related parties for services performed during the year.

(expressed in US dollars)

10. INCOME TAXES

Reconciliation of effective tax rate

The provision for income tax differs from the amount that would have resulted by applying the combined Canadian federal and British Columbia statutory income tax rates of 27% (2018 - 27%).

		2019		2018
Loss before income taxes	**$**	**(19,693,490)**	$	(585,503)
Statutory rates		**27.00%**		27.00%
Income tax recovery at statutory rates		**(5,317,242)**		(158,086)
Expenses not tax deductible		**5,251,623**		7,635
Impact of difference in foreign tax rates		**315,891**		(74,337)
Change in unrecognized deductible temporary differences		**-**		(463,370)
Unused capital losses not recognized		**(1,003,972)**		-
Unused tax losses and tax offsets not recognized		**6,005,564**		688,158
Origination and reversal of temporary differences		**(5,251,864)**		**-**
Income tax recovery	**$**	**-**	$	-

Unrecognized deferred tax assets

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

		2019		2018
Non-capital loss carry forwards	**$**	**21,445,296**	$	24,861,448
Capital loss carry forwards		**2,759,641**		-
Net deferred income tax assets	**$**	**24,204,937**	$	24,861,448

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

(expressed in US dollars)

10. INCOME TAXES (Continued)

The tax effected items that give rise to significant portions of the deferred income tax assets and deferred income tax liabilities at December 31, 2019 and 2018 are presented below:

		2019		2018
Deferred income tax asset:				
Non-capital losses	**$**	**1,013,414**	$	1,488,659
Total deferred income tax asset	**$**	**1,013,414**	$	1,488,659
Deferred income tax liabilities:				
Exploration and evaluation assets	**$**	**(1,013,400)**	$	(1,480,962)
Foreign exchange		**(14)**		(7,697)
Total deferred income tax liabilities	**$**	**(1,013,414)**	$	(1,488,659)
Net deferred income tax assets	**$**	**-**	$	-

Non-capital loss carry forward

As at December 31, 2019, the Company had the following income tax attributes to carry forward:

		Amounts	Available to
Canada	**$**	**608,015**	2034 – 2038
United States		**24,590,668**	2027 – 3038
	$	**25,198,683**	

11. SEGMENTED DISCLOSURE

The Company currently operates in one industry segment, being mineral exploration, with all long-term assets in one geographical area, being the United States.

12. DISSOLUTION OF A SUBSIDIARY

During the year ended December 31, 2019, the Company dissolved the subsidiary, VA Uranium Holdings ("VAUH"). The entity was a Canadian subsidiary, did not have operations and was not classified as held-for sale. Upon dissolution, the cumulative amount of $887,922 in accumulated other comprehensive income was reclassified into deficit.

13. SUBSEQUENT EVENTS

Since December 31, 2019, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and physical distancing, have caused material disruption to business globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company in future periods.