



VIRGINIA ENERGY RESOURCES INC.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

THREE MONTHS ENDED MARCH 31, 2021 and 2020

(unaudited - expressed in US dollars)

Notice of No Auditor Review

These unaudited condensed consolidated interim financial statements have not been reviewed by the auditors of the Corporation. This notice is being provided in accordance with Section 4.3 (3) (a) of National Instrument 51-102 - Continuous Disclosure Obligations.

MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

The accompanying condensed consolidated interim financial statements of Virginia Energy Resources Inc. are the responsibility of the Company's management and are prepared in accordance with International Financial Reporting Standards and reflect management's best estimates and judgment based on information currently available.

Management has developed and maintains a system of internal controls to ensure that the Company's assets are safeguarded, transactions are authorized and properly recorded, and financial information is reliable.

The Board of Directors is responsible for ensuring management fulfills its responsibilities for financial reporting and internal controls through an audit committee, which is comprised of non-management directors. The Audit Committee reviews the consolidated financial statements prior to their submission to the Board of Directors for approval.

"Walter Coles, Sr."

"Andrew MacRitchie"

Walter Coles, Sr.
President and Chief Executive Officer

Andrew MacRitchie
Chief Financial Officer

Vancouver, British Columbia
May 21, 2021

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

		March 31, 2021	December 31, 2020
	Note		
Assets			
Current			
Cash		\$ 40,473	\$ 50,942
Commodity taxes receivable		350	277
Land available for sale	4	-	767,000
Other assets		14,267	6,280
		55,090	824,499
Non-current			
Exploration and evaluation assets	5	3,753,300	2,986,300
Total assets		\$ 3,808,390	\$ 3,810,799
Liabilities			
Current			
Accounts payable and accrued liabilities	9	\$ 60,544	\$ 49,116
Legal payable	4	506,655	483,934
		567,199	533,050
Non-current			
Loans payable		2,000	2,000
Total liabilities		569,199	535,050
Shareholders' equity			
Capital stock	6	50,621,328	50,621,328
Contributed surplus		475,815	475,815
Deficit		(47,857,952)	(47,821,394)
Total shareholders' equity		3,239,191	3,275,749
Total liabilities and shareholders' equity		\$ 3,808,390	\$ 3,810,799

Note 1 – Going Concern
Note 11 – Subsequent Events

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

“Joseph Kiely” (signed)

“Neal Keese” (signed)

See accompanying notes to condensed consolidated interim financial statements

VIRGINIA ENERGY RESOURCES INC.
Condensed Consolidated Interim Statements of Operations and Comprehensive loss
(Unaudited - expressed in US dollars)

	Note	For the three months ended	
		March 31	
		2021	2020
Expenses			
Compensation and benefits		\$ 13,224	\$ 10,905
Professional fees	9	27,349	81,491
General and administrative		6,324	18,551
		(46,897)	(110,947)
Interest income		-	28
Other income		10,500	10,000
Foreign exchange		(161)	(450)
		10,339	9,578
Net loss and comprehensive loss for the period		(36,558)	(101,369)
Basic and diluted loss per share		\$ (0.00)	\$ (0.00)
Weighted average number of common shares outstanding		57,230,614	57,230,614

See accompanying notes to condensed consolidated interim financial statements

VIRGINIA ENERGY RESOURCES INC.**Condensed Consolidated Interim Statements of Changes in Shareholders' Equity
(Unaudited - expressed in US dollars)**

	Capital Stock		Contributed Surplus	Deficit	Total Shareholders' Equity
	Common Shares	Amount			
Balance, December 31, 2019	57,230,614	\$ 50,621,328	\$ 390,797	\$ (47,351,395)	\$ 3,660,730
Net loss for three months	-	-	-	(101,369)	(101,369)
Balance, March 31, 2020	57,230,614	50,621,328	390,797	(47,452,764)	3,559,361
Balance, December 31, 2020	57,230,614	50,621,328	475,815	(47,821,394)	3,275,749
Net loss for three months	-	-	-	(36,558)	(36,558)
Balance, March 31, 2021	57,230,614	\$ 50,621,328	\$ 475,815	\$ (47,857,952)	\$ 3,239,191

See accompanying notes to condensed consolidated interim financial statements

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

	For the three months ended	
	March 31	
	2021	2020
Cash from operating activities		
Net loss	\$ (36,558)	\$ (101,369)
Non-cash items:		
Foreign exchange	161	450
Net changes in non-cash working capital items		
Commodity taxes receivable	(73)	(321)
Other assets	(7,987)	(4,026)
Accounts payable and accrued liabilities	34,149	87,336
Cash used in operating activities	(10,308)	(17,930)
Net decrease in cash	(10,308)	(17,930)
Foreign exchange effects on cash	(161)	(450)
Cash beginning of the period	50,942	72,265
Cash end of the period	\$ 40,473	\$ 53,885

Supplemental non-cash information:

During the three months ended March 31, 2021, land valued at \$767,000 was transferred from Land available for sale, a non-cash working capital item, to Exploration and evaluation assets, a long term asset category. This reclassification was as a result of the Company's decision to hold the land rather than to sell it.

See accompanying notes to condensed consolidated interim financial statements

VIRGINIA ENERGY RESOURCES INC.
Notes to the Condensed Consolidated Interim Financial Statements
For the three months ended March 31, 2021 and 2020
(Unaudited - expressed in US dollars)

1. NATURE 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 the state of Virginia in the United States of America. 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 \$36,558 for the three months ended March 31, 2021 (year ended December 31, 2020 - \$469,999) and had an accumulated deficit of \$47,857,952 as at March 31, 2021. The Company’s ability to continue as a going concern is dependent upon the ability of the Company to raise additional funds 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 arrange 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.

In addition, the Company’s actual results could differ materially from those anticipated due to the potential failure to lift the moratorium on uranium mining in the State of Virginia. The Company has been engaged in a lawsuit against the Commonwealth of Virginia to overturn its moratorium on uranium mining in Virginia, the site of all of the Company’s properties. On November 25, 2015, the Company filed a 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 plea in bar. A state judge issued an order denying the motion to dismiss the case and plea in bar, and the trial scheduled for December 2016 was postponed to July 6, 2020. Unfortunately, on July 30th, 2020 the Circuit Court of Wise County, Virginia issued a ruling against Virginia Energy’s subsidiary, Virginia Uranium Inc. in its takings claim against the Commonwealth of Virginia. On November 16, 2020, the Company filed a Petition for Appeal with the Virginia Supreme Court requesting the Court to grant its appeal and revise the Circuit Court’s judgment and remand the matter for further proceedings. A decision on whether the appeal will be granted is expected in the second quarter of 2021.

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. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

These unaudited condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standard ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), are reported in United States dollars ("USD"), have been prepared using the accounting policies as set out in the audited annual financial statements for the year ended December 31, 2020, and should be read in conjunction with the audited financial statements and notes for the year ended December 31, 2020. The disclosures which follow do not include all disclosures required for the annual financial statements.

These unaudited condensed consolidated interim financial statements were authorized for issuance by the Company's Board of Directors on May 21, 2021.

Basis of measurement

These unaudited condensed consolidated interim 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 condensed consolidated interim financial statements include the accounts of the Company and its subsidiaries. All significant intercompany balances and transactions have been eliminated.

Functional and presentation currency

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

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

Several new standards, amendments to standards, and interpretations were not yet effective for the period ended March 31, 2021 and have not been applied in preparing these consolidated financial statements. These upcoming amendments, interpretations and new standards are not anticipated to have a significant impact on the Company's consolidated financial statements.

VIRGINIA ENERGY RESOURCES INC.
Notes to the Condensed Consolidated Interim Financial Statements
For the three months ended March 31, 2021 and 2020
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4. LAND AVAILABLE FOR SALE

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 Holmes Property was made available for sale during the quarter ended September 30, 2020, and is valued at the property’s tax-assessment. Pursuant to the agreement with law firm, legal fees will be paid out of the proceeds of this sale. During the quarter ended March 31, 2021, the Company withdrew the listing for the property and decided to retain the land in order to complement the other Exploration and evaluation assets.

5. EXPLORATION AND EVALUATION ASSETS

Mineral properties, December 31, 2019	\$	3,753,300
Land made available for sale		<u>(767,000)</u>
Mineral properties, December 31, 2020	\$	2,986,300
Land no longer available for sale		<u>767,000</u>
Mineral properties, March 31, 2021		<u>3,753,300</u>

During the year ended December 31, 2020, due to the final ruling by the Supreme Court of the United States in favor 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 recorded an impairment loss of \$19,450,361 in the consolidated statements of loss and comprehensive loss for the year ended December 31, 2020.

5. EXPLORATION AND EVALUATION ASSETS (Continued)
The Coles Lease and the Bowen 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 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, 2026. 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 Coles Option Agreement was exercised the same day. 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.

The Burt Lands

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

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

5. EXPLORATION AND EVALUATION ASSETS (Continued)
The Burt Lands (continued)

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.

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 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.

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”).

5. EXPLORATION AND EVALUATION ASSETS (Continued)

The Martin Property (continued)

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.

6. CAPITAL STOCK

Authorized

Unlimited number of common shares without par value

Issued and outstanding

As of March 31, 2021, there were 57,230,614 common shares issued and outstanding.

Incentive stock options

The Company has a rolling incentive stock option plan (the “Plan”) allowing for the reservation of common shares issuable under the Plan to a maximum of 10% of the number of the issued and outstanding common shares of the Company at any given time.

No incentive stock options were granted during the year ended December 31, 2019.

1,850,000 incentive stock options were issued on May 25, 2020 and are exercisable at C\$0.09 until May 25, 2025. The Black Scholes option pricing model was used to value the incentive stock options with the following inputs: an expected life of 5.0 years, an annualized volatility of 95%, dividend payment and forfeiture rates of zero, the fair value of the share at the grant date of \$0.09, and a risk-free interest rate of 0.31%.

VIRGINIA ENERGY RESOURCES INC.
Notes to the Condensed Consolidated Interim Financial Statements
For the three months ended March 31, 2021 and 2020
(Unaudited - expressed in US dollars)

6. CAPITAL STOCK (Continued)

	Stock Options	
	Number of Options	Weighted Average Exercise Price (CAD\$)
Outstanding, December 31, 2019	3,940,000	C\$0.15
Granted, May 25, 2020	1,850,000	C\$0.09
Outstanding, December 31, 2020 and March 31, 2021	5,790,000	C\$0.13

As at March 31, 2021, the options outstanding were fully vested.
The 3,940,000 options exercisable at \$0.15 expire on August 21, 2022.
The 1,850,000 options exercisable at \$0.09 expire on May 25, 2025.
Refer to Note 11 for a description of stock options exercised subsequent to March 31, 2021.

7. 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 value 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 strive to have sufficient liquidity to meet its liabilities when due. The Company manages its liquidity risk by preparing and monitoring forecasts of cash inflows and outflows to ensure that it will have sufficient liquidity to meet liabilities when due, and raising capital when necessary. The Company's accounts payable and accrued liabilities generally have maturities of less than 90 days.

The carrying values for financial instruments, including cash, due from related parties, and accounts payable and accrued liabilities approximate fair values due to their short-term maturities.

VIRGINIA ENERGY RESOURCES INC.
Notes to the Condensed Consolidated Interim Financial Statements
For the three months ended March 31, 2021 and 2020
(Unaudited - expressed in US dollars)

7. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

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 of 10% in the US dollar against the Canadian dollar would have decreased the Company's net loss and comprehensive loss by \$2,800 for the three months ended March 31, 2021 (for the year ended December 31, 2020 - \$777). The balances listed below are the Canadian dollar denominated balances of their reported US dollar equivalent.

Canadian dollar accounts	March 31, 2021	December 31, 2020
Cash	\$ 3,521	\$ 4,829
Commodity taxes receivable	439	353
Accounts payable and accrued expenses	(38,824)	(15,085)
	\$ (34,864)	\$ (9,903)

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. From time to time, 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 balancing credit risk of various financial institutions and seeking to maintain the liquidity necessary to conduct operations on a day-to-day basis. Fluctuations in market rates of interest on cash 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. Any amounts that may be due from related parties, which may arise periodically, are not considered a risk based on an assessment of the financial condition of related parties. The maximum exposure to credit risk is limited to amounts shown on the consolidated statement of financial position.

7. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

Other risks

In December 2019, a novel strain of coronavirus was reported in Wuhan, China. On March 11, 2020, the World Health Organization declared the outbreak to constitute a Pandemic. The spread of COVID-19 has severely impacted economies around the globe. In many countries, including where the Company has operations, businesses have been forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in significant unemployment and an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening of certain sectors. Governments and central banks have responded with monetary and fiscal interventions designed to stabilize economic conditions. Vaccination efforts are underway, but the future remains uncertain. To date, the Company's operations have not been materially negatively affected by these events. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration of the impact, the severity of the consequences, nor the impact, if any, on the financial position and results of the Company for future periods.

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, by defending its legal right to explore and mine these properties, while minimizing any increases in equity dilution to shareholders. The Company manages its capital structure, consisting of shareholders' equity of \$3,239,191 (December 31, 2020 - \$3,275,749) 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 payment of accounts payable and accrued liabilities, as well as for conducting further exploration and development programs and administrative operations. The Company has not changed its approach to capital management during the current fiscal period, and is not subject to any external capital restrictions.

VIRGINIA ENERGY RESOURCES INC.
Notes to the Condensed Consolidated Interim Financial Statements
For the three months ended March 31, 2021 and 2020
(Unaudited - expressed in US dollars)

9. 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, 2021 and 2020 are as follows:

Salaries and consulting fees	2021	2020
Officers	\$ 4,504	\$ Nil
Directors (for administration and legal services)	\$ Nil	\$ Nil
Share based payments (Note 6)	\$ Nil	\$ Nil

There are amounts due to related parties that are included in accounts payable and accrued liabilities at March 31, 2021 in the amount of \$14,900 (December 31, 2020 - \$10,500).

10. 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.

11. SUBSEQUENT EVENTS

Subsequent to March 31, 2021, 175,000 stock options were exercised at prices ranging from \$0.09 to \$0.15 resulting in gross proceeds to the Company of \$21,750 CDN.