Virginia Energy Resources

MANAGEMENT DISCUSSION AND ANALYSIS

For the three and six months

ended June 30, 2021

MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE QUARTER ENDED JUNE 30, 2021

This Management Discussion and Analysis ("MD&A") is intended to supplement the Company's unaudited condensed consolidated interim financial statements and related notes for the six months ended June 30, 2021. This report is as at ***August 20, 2021****. All monetary amounts are in US dollars unless otherwise specified.*

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

INTRODUCTION

The MD&A has been prepared by management and reviewed and approved for distribution by the Board of Directors on August 20, 2021. The following discussion of performance, financial condition and future prospects should be read in conjunction with the unaudited condensed consolidated interim financial statements for the six months ended June 30, 2021 and the audited financial statements for the years ended December 31, 2020 and 2019 and the annual MD&A for that period. The information provided herein supplements but does not form part of the financial statements.

This MD&A contains Forward Looking Information.
Please read the Cautionary Statements on page 3 carefully.

FORWARD LOOKING STATEMENTS

Certain information contained in this MD&A constitutes "forward-looking information" within the meaning of applicable securities laws concerning the business, operations and financial performance and condition of the Company. Generally, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "expects", "does not expect", "is expected", "is likely", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", "does not anticipate", "continue", "may", "will", "should", "believes" and similar expressions. The PEA is forward-looking information. Forward-looking information is based on the opinions and estimates of management as of the date such information is disclosed, and it is subject to known and unknown risks, uncertainties and other factors that may cause actual results, events, level of activity, performance or achievements to differ materially from those expressed or implied in such forward-looking information. The Company believes that the expectations reflected in this forward-looking information are reasonable but no assurance can be given that these expectations will prove to be correct, and such forward-looking information included in this MD&A should not be unduly relied upon. This information speaks only as of the date of this MD&A. In particular, this MD&A contains forward-looking information pertaining to the following: potential receipt of regulatory approvals, permits and licenses and treatment under governmental regulatory regimes, including anticipated results of court challenges, potential changes in government decision makers, and possible legislative changes; the estimates of the Company's mineral resources; anticipated capital expenditures, production rates and costs, mine life and valuations contained in the PEA (as defined below); the impact of COVID-19; expectations of market prices and costs; and exploration, development and expansion plans and objectives.

The Company's actual results could differ materially from those anticipated in this forward-looking information, as a result of the following: failure to lift the moratorium on uranium mining in Virginia; delays in obtaining permits and licenses for the Coles Hill project; declines in the market price of uranium; poor capital market conditions for TSX Venture junior mining companies; inability of the Company to raise sufficient funding to advance the Coles Hill project notwithstanding improving financial market conditions; low market prices of the Company's securities; failure to accurately estimate mineral resources, production rates and operating costs; geological, technical and processing problems; cost overruns in capital investment to construct the Coles Hill project; failure to obtain industry partner, government and other third party consents and approvals, when required; public resistance to nuclear energy or uranium mining; the impacts of COVID-19; the PEA may no longer reflect current best estimates, assumptions, methods and technologies; actions taken by regulatory authorities with respect to mining activities, including regulations that materially impact the ability of the Company to achieve production that is materially in accordance with the PEA; and other factors discussed under "Risk Factors" in this MD&A.

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

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

THE COMPANY

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

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

HIGHLIGHTS AND OVERALL PERFORMANCE

The following events and some background for reference, are principal activities which occurred in the in the six months ended June 30, 2021 and up to the date of this report:

- The Company has been engaged in a lawsuit against the Commonwealth of Virginia to overturn the state's moratorium on uranium mining in Virginia, the site of all of the Company's properties. Unfortunately, on July 30, 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 latter half of 2021.

- Apart from periodic expenditures on legal fees in order to pursue the lawsuit, the Company continues to take a prudent approach with expenditures and has significantly reduced its monthly cash outlays to preserve cash, a process that began in February of 2015 and will continue until such time as there is political will to support the writing of legislation for mining uranium in Virginia that will allow the Company to proceed with its exploration and development plans.

COLES HILL URANIUM DEPOSIT

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

The Coles Hill project is the subject of a National Instrument 43-101 Updated Preliminary Economic Analysis Update (Revised) by Lyntek Inc. and BRS Inc., ("NI 43-101" or the "Technical Report" or the "PEA") that contained an updated PEA and resource calculation. The report, effective June 30, 2012, was revised and restated August 19, 2013 and is available on SEDAR and at www.sedar.com and on the Company's website at http://www.virginiaenergyresources.com/s/ColesHill.asp. *Management cautions that the PEA has an effective date that is 9 years old, and as such, would likely* *require significant material changes were it to be updated to a current date. The report should no longer be relied upon, and is provided only for historic context.*

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

On November 30, 2011, a state-sponsored economic study by Chmura Economics & Analytics concluded that the Coles Hill uranium project would bring much needed jobs, tax revenue and investment to an area of Virginia that remains economically depressed. The Chmura study said that the mining operation Virginia Uranium Inc. has proposed for Coles Hill would support a total of more than 1,000 direct and indirect jobs and have an annual net positive economic impact of approximately $135 million. The study predicted that over the 35-year life of the operation, the Coles Hill site could generate almost $5 billion in net accumulated economic revenue for Virginia firms. The reader is cautioned that this economic study was completed by another organization independent of Virginia Energy, and was completed ten years ago, so is no longer current. An NI 43-101 compliant feasibility study has not been completed on the project and there is no guarantee that the proposed operation would be economically viable given the uncertainty of future uranium prices in combination with permitting risk related to the current moratorium on uranium mining.

The Company has been engaged in a lawsuit against the Commonwealth of Virginia to overturn the state's 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 and plea in bar, and the trial scheduled for December 2016 was postponed to July 6, 2020. Unfortunately, on July 30, 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 half of 2021.

DISCUSSION OF OPERATIONS

Being in the exploration and development stage the Company does not have revenues from operations other than for receipts from the rental of some of its land to adjacent ranchers, occasional sales of timber and interest income from its cash.

Summary of Quarterly Results

The following tables report selected quarterly financial information of the Company:

Quarter ended	**30-Jun-21**	**31-Mar-21**	**31-Dec-20**	**30-Sep-20**
Revenue [(1)]	$ -	$ -	$ -	$ -
(Loss)/Income for the quarter	$ (36,274)	$ (36,558)	$ 20,218	$ (168,846)
(Loss)/Income per share	$ (0.00)	$ (0.00)	$ 0.00	$ (0.00)

Quarter ended	**30-Jun-20**	**31-Mar-20**	**31-Dec-19**	**30-Sep-19**
Revenue [(1)]	**$** -	$ -	$ -	$ -
(Loss)/Income for the quarter	**$** (220,002)	$ (101,369)	$ (19,659,350)	$ 64,522
(Loss)/Income per share	**$** (0.01)	$ (0.00)	$ (0.34)	$ 0.00

[(1)] the Company is in the exploration stage and has no revenue, apart from incidental timber-revenue which is generated when required to cover administrative costs and some incidental rental revenue, both shown as "other income" on the statements of operations and comprehensive loss.

Loss for the quarter ended June 30, 2021

A net loss of $36,274 was recorded for the three months ended June 30, 2021 ("Q2-21"), compared to the loss of $220,002 for the three months ended June 30, 2020 ("Q2-20"). This change is due principally to the reduction in professional fees from $107,752 in Q2-20 to $7,746 in Q2-21 as legal activity was significantly lower in Q2-21 as no active cases were being prepared or argued. During Q2-20, the Company was preparing for a court date in July 2020, with no such pending court date in Q2-21. In addition, general and administrative costs also decreased as a result of a continued focus on reducing and eliminating unnecessary expenditures. Other income has also decreased primarily as a result of lower timber-sales revenue in Q2-21 as compared with Q2-20.

Loss for the six months ended June 30, 2021

A net loss of $72,832 was recorded for the six months ended June 30, 2021 ("H1-21"), compared to the loss of $321,371 for the six months ended June 30, 2020 ("H1-20"). This change is due principally to the reduction in professional fees from $189,093 in H1-20 to $35,095 in H1-21 as legal activity was lower in H121. During H1-20, the Company was preparing for a court date in July 2020, with no such pending court date in H1-21. In addition, no stock options vested in 2021, causing share based payments expense to drop from $85,018 in H1-20 to $nil in H1-21. Finally, general and administrative costs also decreased as a result of a continued focus on eliminating unnecessary expenditures.

Liquidity and Financial Resources

At June 30, 2021, the Company had a working capital[1] deficit of ($530,473) as compared to positive working capital of $291,449 at December 31, 2020, representing a decrease in working capital of $821,922, due primarily to the reclassification of the Holmes property, valued at $767,000, from current assets – land available for sale, to non-current assets – exploration and evaluation assets. Cash, net of foreign exchange effects, decreased by $23,217 from $50,942 at December 31, 2020 to $27,725 at June 30, 2021.

The Company's ability to continue as a going concern is dependent on the ability of the Company to raise additional capital – in the near-term, through selling land and timber, as well as through equity financing and – in the long-term, on the attainment of profitable operations. There are no assurances that the Company will be successful in achieving these goals. Although the Company has been successful in raising funds to date, there can be no assurance that adequate or sufficient funding will be available in the future, or under terms acceptable to the Company. The Company's discretionary activities do have considerable scope for flexibility in terms of the amount and timing of expenditures, and expenditures have been adjusted accordingly.

The Company continues to take a prudent approach to its expenditures to preserve cash and has reduced its routine monthly cash outlays following various rational measures, while periodically incurring increased legal expenditures in order to pursue the lawsuit against the Commonwealth of Virginia.

Cash flows for the six months ended June 30, 2021

The Company consumed $40,011 of cash in operating activities in H1-21 as compared to $32,411 in H1-20. In both 2020 and 2021, cash operating expenses were financed primarily through a combination of cash on hand, cash collected from timber sales and rental revenue, and fluctuations in accounts payable.

No investing activities took place during either period. Land valued at $767,000 was transferred from Land available for sale, a current asset category, to exploration and evaluation assets, a long term asset category.

Financing activities consisted of collecting proceeds from option exercises of $17,910 in H1-21 (H1-20: $Nil) as compared with collecting proceeds of $2,000 from initiating borrowing on a loan in H1-20 (H1-21: $Nil).

OFF-BALANCE SHEET ARRANGEMENTS

There are no off-balance sheet arrangements.

PROPOSED TRANSACTIONS

There are no proposed transactions.

[1] Working capital is a non-GAAP measure and is defined as current assets less current liabilities.

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 six months ended June 30, 2021 and 2020 are as follows:

Salaries and consulting fees paid to:		**2021**		**2020**
Officers	**$**	**9,200**	$	6,079
Directors (for administration and legal services)		**Nil**		Nil
Stock based compensation	**$**	**Nil**	$	80,422

Included in accounts payable and accrued liabilities is $21,190 (December 31, 2020 - $10,500) due to related parties for services performed over the past two years.

In accordance with Item 1.9 of Part 2 of Form 51-102.F1 the Company has no ongoing contractual commitments with related parties. Consulting fees are paid or are payable to Isla Finance Ltd. for the services of the Chief Financial Officer.

Other than the amounts disclosed above, there were no short-term employee benefits or share-based payments paid to key management personnel during the six months ended June 30, 2021 and 2020.

USE OF ESTIMATES AND JUDGMENTS

Significant Accounting Estimates and Judgments

The preparation of the Company's 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 evaluated at each period end, 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, which, by their nature, are uncertain. The impacts of such estimates and judgments are pervasive throughout the consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates, or changes to judgments, are recognized in the period in which the estimate is revised and may affect both the period of revision and future periods.

Significant assumptions that management has made about current unknowns, the future, and other sources of estimated uncertainty, could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made.

Critical accounting estimates are estimates and assumptions made by management that may result in a material adjustment to the carrying amounts of assets and liabilities within the next financial year and include, but are not limited to, the following:

- 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 income tax assets – In assessing the probability of realizing income tax assets, management makes estimates related to expectations of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities.

- Stock based compensation – The fair value of stock based compensation is subject to the limitations of the Black-Scholes option pricing model that incorporates market data and involves uncertainty in estimates used by management in the assumptions. Because the Black-Scholes option pricing model requires the input of highly subjective assumptions, including the volatility of share prices, changes in the subjective input assumptions can materially affect the fair value estimate.

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.

- 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.

- Land available for sale - Judgment is required in determining whether an asset meets the criteria for classification as an "asset held for sale" in the consolidated statements of financial position. Criteria considered by management include the existence of and commitment to a plan to dispose of the assets, the expected selling price of the assets, the expected timeframe of the completion of the anticipated sale and the period of time any amounts have been classified within assets held for sale.

The Company reviews the criteria for assets held for sale each quarter and reclassifies such assets to or from this financial position category as appropriate. In addition, the Company periodically evaluates and records assets held for sale at the lower of their carrying value and fair value less costs to sell.

NEW ACCOUNTING STANDARDS

Newly Adopted Accounting Standards

There are no newly adopted accounting standards which had a significant impact on the Company's consolidated financial statements.

New Accounting Standards and Interpretations not yet Adopted

There are currently no upcoming amendments, interpretations or new standards which are anticipated to have a material impact on the Company's consolidated financial statements.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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

Other Price Risk

Other price risk is the risk that the fair 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 meets 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, although the Company has requested leniency in its payment terms in order to extend the payment deadlines for accounts payable.

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 statements of operations and comprehensive loss. A strengthening or weakening of 10% in the US dollar against the Canadian dollar would have decreased (increased) the Company's net loss and comprehensive loss by $1,550 for the six months ended June 30, 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	**June 30, 2021**	**December 31, 2020**
Cash	**$ 5,920**	$ 4,829
Commodity taxes receivable	**464**	353
Accounts payable and accrued expenses	**(29,686)**	(15,085)
	$ (23,302)	$ (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.

Credit Risk

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

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

Other Risks:

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

The Virginia Code of 1950 was amended in 1982 such that no application for uranium mining shall be accepted by any agency of the Commonwealth of Virginia until a program for permitting the mining of uranium is established by statute. Before mining development activities at the Coles Hill project can proceed, the Virginia General Assembly must enact legislation authorizing and establishing a permitting program. If legislation were eventually passed to, in effect lift the moratorium on uranium mining, it would then be necessary for the Virginia Department of Mines Minerals and Energy (the “DMME”), which regulates mining in Virginia, to adopt the permitting regulations in accordance with the Virginia Administrative Process Act (the “VAPA”). Under the VAPA, new regulations are subject to a comment and review process that may include one or more public hearings.

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

Risk Factors (continued)

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

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

Infectious Disease Risk

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 outbreak of this 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, closures of businesses and government departments, 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 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 outbreak, as well as the efficacy of the government and central bank interventions 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.

Uncertainty of Funding

The exploration, permitting and development of the Coles Hill project requires a substantial amount of capital and greatly depends on the Company's ability to obtain funding through equity financings, joint ventures, or other means. Poor capital market conditions for junior mining companies and volatile uranium markets may make it difficult to secure financing necessary to maintain the viability of the Company. There is no assurance that the Company will be successful in obtaining future funding as needed or on acceptable terms.

Risk Factors (continued)

Environmental Groups Oppose Uranium Mining in Virginia

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

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

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

No History of Uranium Mining Operations in Virginia

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

Public Acceptance of Nuclear Energy and Competition from Other Energy Sources

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

Risk Factors (continued)

Technical Innovation and Obsolescence

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

Nature of Exploration and Development

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

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

Global Economic Downturn

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

Risk Factors (continued)

If these increased levels of volatility and market turmoil continue, the Company's operations could be adversely impacted and the trading price of the Company's securities could continue to be adversely affected.

Market Price of Common Shares

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

Dilution from Further Equity Financing

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

Litigation

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

Risk Factors (continued)

Governmental Regulation and Policy Risks

Exploration, development, mining and milling of minerals and the transportation and handling of the products produced are subject to extensive federal, state and local laws and regulations governing, among other things, acquisition of the mining interests, maintenance of claims, tenure, expropriation, prospecting, exploration, development, mining, milling and production, price controls, exports, imports, taxes and royalties, labor standards, occupational health, waste disposal, toxic substances, water use, land use, , environmental protection and remediation, endangered and protected species, mine and mill decommissioning and reclamation, mine safety, transportation safety and emergency response and other matters. Compliance with such laws and regulations has increased/will increase the costs of exploring, drilling, developing, constructing, operating and closing the Company's mines and processing facilities. It is possible that, in the future, the costs, delays and other effects associated with such laws and regulations may impact the Company's decision as to whether to proceed with exploration or development, or that such laws and regulations may result in the Company incurring significant costs to remediate or decommission properties that do not comply with applicable environmental standards at such time. The Company intends to expend significant financial and managerial resources to comply with such laws and regulations. The Company anticipates the historic trend toward stricter government regulation will likely continue. There can be no assurance that future changes in applicable laws and regulations will not adversely affect the operations or financial condition of the Company. New laws and regulations, amendments to existing laws and regulations or more stringent implementation of existing laws and regulations, including through stricter license and permit conditions, could have a material adverse impact on the Company, increase costs, cause a reduction in levels of, or suspension of and/or delay or prevent the development of new mining properties. There is a risk that moratoriums on mining in Virginia will not be lifted soon or at all.

Dependence on Key Personnel and Qualified and Experienced Employees

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

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

Risk Factors (continued)

Conflicts of interest

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

CAPITAL STRUCTURE:

Capital Stock as at August 20, 2021:

Authorized:

Unlimited number of voting common shares
Unlimited number of redeemable, retractable, convertible, preferred shares

Issued:

57,405,614 common shares at June 30, and August 20, 2021

Stock Options:

5,615,000 options outstanding at June 30, and August 20, 2021

Fully diluted:

63,020,614 common shares

Directors

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

Officers

Walter Coles, Sr., *President & CEO*
Walter Coles, Jr., *Executive Vice President of Corporate Development*
Andrew MacRitchie, CPA, CA, *CFO*
Neal Keesee, *Corp. Secretary*

Auditors Smythe LLP

Legal Counsel Cassels Brock