Index | **Page**

MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements of Virginia Energy Resources Inc. are the responsibility of the Company's management and are prepared in accordance with accounting principles generally accepted in Canada and reflect management's best estimates and judgment based on information currently available.

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

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

"Walter Coles, Sr."	*"Karen A. Allan"*
Walter Coles, Sr. President and CEO	Karen A. Allan Chief Financial Officer

Vancouver, British Columbia
April 29, 2013

KPMG LLP
Chartered Accountants
Bay Adelaide Centre
333 Bay Street Suite 4600
Toronto ON M5H 2S5

Telephone (416) 777-8500
Fax (416) 777-8818
Internet www.kpmg.ca

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Virginia Energy Resources Inc. (formerly Virginia Uranium Ltd.)

We have audited the accompanying consolidated financial statements of Virginia Energy Resources Inc. (formerly Virginia Uranium Ltd.), which comprise the consolidated statement of financial position as at December 31, 2012, the consolidated statements of loss and comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated / financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Virginia Energy Resources Inc. (formerly Virginia Uranium Ltd.)

as at December 31, 2012, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards**.**

Comparative information

Without modifying our opinion, we draw attention to Note 3(g) to the consolidated financial statements which indicate that the comparative information presented as at and for the year ended December 31, 2011 has been amended to reflect a change in presentation currency.
The financial statements of Virginia Uranium Ltd. for the year ended December 31, 2011, excluding the amendment described in Note 3(g) to the consolidated financial statements, were audited by another auditor, who expressed an unmodified opinion on those financial statements on July 12, 2012.

As part of our audit of the financial statements as at and for the year ended December 31, 2012, we also audited the adjustments described in Note 3(g) to the consolidated financial statements that were applied to amend the comparative information presented as at and for the year ended December 31, 2011. In our opinion, the amendment is appropriate and has been properly applied.

We were not engaged to audit, review, or apply any procedures to the December 31, 2011 financial statements, other than with respect to the amendment described in Note 3(g) to the consolidated financial statements. Accordingly, we do not express an opinion or any other form of assurance on the December 31, 2011 financial statements taken as a whole.

KPMG LLP

Chartered Accountants, Licensed Public Accountants

April 29, 2013
Toronto, Canada

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

	Note	As at December 31, 2012	As at December 31, 2011
Assets			
Current			
Cash and cash equivalents		$ 479,983	$ -
Commodity taxes receivable		36,122	-
Due from related party	12	81,997	-
Other assets		33,644	-
		631,746	-
Exploration and evaluation assets	6	27,602,533	
Equipment	7	44,463	-
Investment	5	-	8,454,731
Total assets		$ 28,278,742	$ 8,454,731
Liabilities			
Current			
Accounts payable and accrued liabilities		$ 1,233,910	$ -
Loan payable to related party	12	742,421	-
		1,976,331	-
Note payable to related party	5, 12	3,950,498	-
Total liabilities		5,926,829	-
Shareholders' equity			
Capital stock	8	40,965,330	19,824,144
Accumulated other comprehensive income		887,922	565,530
Deficit		(19,501,339)	(11,934,943)
Total shareholders' equity		22,351,913	8,454,731
Total liabilities and shareholders' equity		$ 28,278,742	$ 8,454,731

Subsequent events (Note 13)
See note 3(g) regarding restatement of December 31, 2011 balances
See accompanying notes to consolidated financial statements

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

"Walter Coles, Sr." (signed)

Director

"Ron Hochstein." (signed)

Director

VIRGINIA ENERGY RESOURCES INC. (formerly Virginia Uranium Ltd.)
Consolidated Statements of Loss and Comprehensive Loss
(Expressed in US dollars)

	For the years ended December 31	
	2012	**2011**
Expenses		
Compensation and benefits	$ 203,700	$ -
Loss realized on previously held interest in VAUH	6,016,459	
Public relations	56,682	-
Professional fees	776,432	-
Technical expense	159,715	-
General and administrative	324,347	-
Amortization	5,948	-
Loss before other items	(7,543,283)	-
Other income (loss)		
Interest income	609	-
Interest expense	(31,607)	-
Other income	2,385	-
Foreign exchange	5,500	-
	(23,113)	-
Net loss	(7,566,396)	-
Other comprehensive loss		
Foreign currency translation adjustment		45,060
Unrealized loss on AFS investment in VAUH		(199,730)
Reclassification of unrealized loss on previously held interest in VAUH	322,392	
Net loss and comprehensive loss for year	(7,244,004)	(154,670)
Basic and diluted loss per share	$ (0.48)	$ (0.00)
Weighted average number of common shares outstanding	15,649,340	9,751,427

See note 3(g) regarding restatement of December 31, 2011 balances

See accompanying notes to consolidated financial statements

VIRGINIA ENERGY RESOURCES INC. (formerly Virginia Uranium Ltd.)
Consolidated Statements of Changes in Shareholders' Equity
(Expressed in US dollars)

	Capital Stock		Accumulated Other Comprehensive Income	Deficit	Total Shareholders' Equity
	Common Shares	Amount			
Balance, December 31, 2010	9,751,427	$ 19,824,144	$ 720,200	$ (11,934,943)	$ 8,609,401
Foreign currency translation adjustment			45,060		45,060
Unrealized loss on AFS investment in VAUH	-	-	(199,730)	-	(199,730)
Balance, December 31, 2011	9,751,427	19,824,144	565,530	(11,934,943)	8,454,731
Shares issued on acquisition of VAUH (note 5)	23,399,329	21,141,186	-	-	21,141,186
Net loss for year	-	-		(7,566,396)	(7,566,396)
Reclassification on acquisition of control of VAUH			322,392		322,392
Balance, December 31, 2012	33,150,756	$ 40,965,330	$ 887,922	$ (19,501,339)	$ 22,351,913

See note 3(g) regarding restatement of December 31, 2011 balances

See accompanying notes to consolidated financial statements

VIRGINIA ENERGY RESOURCES INC. (formerly Virginia Uranium Ltd.)
Consolidated Statements of Cash Flows
(Expressed in US dollars)

	For the years ended December 31	
	2012	**2011**
Operating activities		
Net loss	$ (7,566,396)	$ -
Non-cash items:		
Amortization	5,948	-
Loss on revaluation of investment (note 5)	6,016,459	-
Foreign exchange gain	(5,500)	
Net changes in non-cash working capital items:		
Other assets	6,439	-
Commodity taxes receivable	(36,122)	-
Accounts payable and accrued liabilities	(232,145)	-
Accrued interest on loan payable from related party	979	
Accrued interest on note payable from related party	30,607	
Due from related party	(42,641)	-
Cash used in operating activities	(1,822,372)	-
Financing activities		
		-
Loan payable to related party	741,442	-
Cash acquired on acquisition of Otish property	406,840	-
Cash provided from financing activities	1,148,282	-
Investing activities		
Proceeds from sale of short-term investments	260,228	
Cash acquired on acquisition of VAUH, net of transaction costs	893,846	-
Cash provided from investing activities	1,154,074	
Net increase (decrease) in cash and cash equivalents	$ 479,983	$ -
Cash and cash equivalents beginning of the year	-	-
Cash and cash equivalents end of the year	$ 479,983	$ -

See accompanying notes to consolidated financial statements

(Expressed in US dollars)

1. NATURE AND CONTINUANCE OF OPERATIONS

Virginia Energy Resources Inc. (the "Company" or "Virginia") is a resource company focused on the exploration and development of uranium deposits located in the southern part of Virginia, United States and exploration of uranium in Quebec. Virginia was incorporated in the Yukon on August 31, 2007 and continued to British Columbia under the British Columbia Corporations Act on May 21, 2009. On September 27, 2012, the Company acquired all the outstanding shares of VA Uranium Holdings Inc. and its subsidiaries and Otish Minerals Ltd. (note 5). Prior to September 27, 2012, the Company held an investment in VA Uranium Holdings Inc.

Details of the Company's subsidiaries at December 31, 2012 are as follows:

Name of Subsidiary	Nature of Operations	Place of Incorporation	Ownership Interest
Virginia Uranium Inc. ("VirginiaCo")	Exploration and development of uranium deposits	Virginia	100 %
Southside Cattle Company LLC ("Southside")	Holding Company	Virginia	100 %
Otish Minerals Ltd.	Exploration and development of uranium deposits	British Columbia	100 %

The head office and records office of the Company are located at 611 - 675 West Hastings Street, Vancouver, British Columbia, Canada, V6E 2M6.

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") on a going concern basis, which assumes the realization of assets and liquidation of liabilities in the normal course of business.

If the going concern assumption were not appropriate for these 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

(a) Statement of compliance

These consolidated financial statements of the Company, including its subsidiaries, have been prepared in accordance with International Accounting Standard ("IAS") 1 Presentation of Financial Statements using accounting policies consistent with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and the interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

2. BASIS OF PRESENTATION (Continued)

(a) Statement of compliance (continued)

These consolidated financial statements were authorized for issuance by the Company's Board of Directors on April 29, 2013.

(b) Basis of measurement

These consolidated financial statements have been prepared on the historical cost basis with the exception of certain financial instruments that are measured at fair value.

(c) Basis of consolidation

These consolidated financial statements include the accounts of the Company and its subsidiaries. All significant inter-company balances and transactions have been eliminated.

(d) Functional and presentation currency:

The consolidated financial statements are presented in US dollars, which is the functional currency of the Company and its subsidiaries except for Otish Minerals Ltd. which has the Canadian dollar as its functional currency.

(e) Use of estimates and judgments

The preparation of 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 critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements is as follows:

- Carrying value and recoverability of mineral property interests - The application of the Company's accounting policy for exploration and evaluation assets requires judgment in determining whether it is likely that costs incurred will be recovered through successful exploration and development or sale of the asset under review. Furthermore, the assessment as to whether economically recoverable reserves exist is itself an estimation process. Estimates and assumptions made may change if new information becomes available. If, after expenditures are capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in the statement of comprehensive income in the period when the new information becomes available.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Cash and cash equivalents

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

(b) Exploration and evaluation assets

The Company capitalizes the costs of acquiring licenses for the right to explore at cost 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 the exploration and evaluation assets to which they relate are placed into production, disposed of through sale or where management has determined there to be impairment. If an exploration and evaluation property interest is abandoned, the acquisition costs capitalized will be written off to operations in the period of abandonment.

On an ongoing basis, 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 fair value less costs to sell for the exploration and evaluation property interest and their value in use. The fair value less costs to sell 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 cash generating units ("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.
The Company's determination for impairment is also based on:
(i). whether the exploration programs on the exploration and evaluation assets have significantly changed, such that previously identified resource targets are no longer being pursued;
(ii) whether exploration results to date are promising and whether additional exploration work is being planned in the foreseeable future; and
(iii) whether remaining claim tenure terms are insufficient to conduct necessary studies or exploration work.

Where impairment subsequently reverses the carrying amount of the asset is increased to the revised estimate and its 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)

(d) Equipment

Equipment, comprised of computer equipment, is stated at cost, net of accumulated amortization. Amortization is provided using the straight-line method at the rate of 30% per annum.

Long-lived assets, including fixed assets, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to its recoverable amount, being the higher of fair value less costs to sell and value in use. If the carrying amount of an asset exceeds its recoverable amount, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the asset. Assets to be disposed of would be separately presented in the consolidated statement of financial position and reported at the lower of the carrying amount or fair value less costs to sell, and are no longer amortized. The assets and liabilities of a disposed group classified as held-for-sale would be presented separately in the appropriate asset and liability sections of the consolidated statement of financial position.

(e) 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 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, 2012, the Company had not undertaken disturbances which would require recognition of a reclamation liability.

(f) 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 share- based payment reserve 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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) 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 the foreign exchange gain or loss in the consolidated statement of loss and comprehensive loss under foreign exchange gain/loss.

The results and financial position of the Company's subsidiaries that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

1. Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

2. Share capital is translated using the exchange rate at the date of the transaction;

3. Revenue and expenses for each statement of comprehensive income (loss) are translated at average exchange rates; and

4. All resulting exchange differences are recognized as a separate component of equity and as an exchange difference on translation of foreign operations in other comprehensive income (loss) in the consolidated statement of comprehensive income (loss).

As a result of the transaction on September 27, 2012, the Company changed its functional currency and its presentation currency from Canadian dollars to US dollars. The comparative information has been re-presented in accordance with the policy noted above, and as a result a currency translation adjustment of $887,922 has been recorded at December 31, 2011.

(h) Financial instruments

The carrying values of cash and cash equivalents, due from related party, accounts payable and accrued liabilities, loan payable to related party and note payable to related party approximate their fair value due to the relatively short-term maturity of these financial instruments.

The Company has classified cash and cash equivalents as 'fair value through profit and loss" ("FVTPL"); due from related party as "loans and receivables"; and accounts payable and accrued liabilities, loan payable to related party and note payable to related party as "other financial liabilities".

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial assets and financial liabilities classified as FVTPL are measured at fair value with changes in those fair values recognized in the consolidated statements of loss and comprehensive loss. Loans and receivables and other financial liabilities are initially measured at fair value and subsequently measured at amortized cost.

(i) Financial assets

The Company classifies its financial assets in the following categories: FVTPL, loans and receivables, held-to-maturity, and available-for-sale ("AFS"). The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at recognition.

Fair value through profit or loss

Financial assets are classified as FVTPL when the financial asset is held-for- trading or is designated as FVTPL. A financial asset is classified as FVTPL when it has been acquired principally for the purpose of selling in the near future; it is a part of an identified portfolio of financial instruments that the Company manages and has an actual pattern of short-term profit-taking or if it is a derivative that is not designated and effective as a hedging instrument. Upon initial recognition, attributable transaction costs are recognized in profit or loss when incurred. Financial instruments at FVTPL are measured at fair value, and changes therein are recognized in profit or loss.

Loans and receivables

Loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are initially recognized at the transaction value and subsequently carried at amortized cost less impairment losses. The impairment loss on receivables is based on a review of all outstanding amounts at year-end. Bad debts are written off during the year in which they are identified. Interest income is recognized by applying the effective interest rate method.

Available-for-sale

AFS financial assets are non-derivatives that are either designated as AFS or not classified in any of the other financial assets categories. Changes in the fair value of AFS financial assets other than impairment losses are recognized as other comprehensive income and classified as a component of equity.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(ii) Financial liabilities

The Company classifies its financial liabilities in the following categories:

Borrowings and other financial liabilities

Borrowings and other financial liabilities are non-derivatives and are recognized initially at fair value, net of transaction costs incurred, and are subsequently stated at amortized cost. Any difference between the amounts originally received, net of transaction costs, and the redemption value is recognized in the consolidated statement of loss and comprehensive loss over the period to maturity using the effective interest method.

Borrowings and other financial liabilities are classified as current or non-current based on their maturity date.

(iii) 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.

(j) Income taxes

Income tax expense consisting of current and deferred tax expense is recognized in the consolidated statement of loss and comprehensive 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)

A deferred tax asset is recognized to the extent that it is probable that future taxable profits 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.

(k) 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. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

The Company will be required to adopt certain standards and amendments issued by the IASB, as described below, for which the Company is currently assessing the impact on its consolidated financial statements.

All of the new and revised standards described below may be early-adopted.

IFRS 9 *Financial Instruments*

A revised version of IFRS 9 incorporating revised requirements for the classification and measurement of financial liabilities, and carrying over the existing de-recognition requirements from IAS 39 *Financial Instruments: Recognition and Measurement*.The revised financial liability provisions maintain the existing amortized cost measurement basis for most liabilities. New requirements apply where an entity chooses to measure a liability at fair value through profit or loss (“FVTPL”); in these cases, the portion of the change in fair value related to changes in the entity's own credit risk is presented in other comprehensive income rather than within profit or loss.

This standard applies to annual periods beginning on or after January 1, 2015. The Company is currently assessing the impact, if any, of this standard on the Company’s consolidated financial statements.

4. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS NOT YET ADOPTED (Continued)

IFRS 10 *Consolidated Financial Statements*

Requires a parent to present consolidated financial statements as those of a single economic entity, replacing the requirements previously contained in IAS 27 *Consolidated and Separate Financial Statements* and SIC-12 *Consolidation - Special Purpose Entities*.

The standard identifies the principles of control, determines how to identify whether an investor controls an investee and therefore must consolidate the investee, and sets out the principles for the preparation of consolidated financial statements.

The standard introduces a single consolidation model for all entities based on control, irrespective of the nature of the investee (i.e., whether an entity is controlled through voting rights of investors or through other contractual arrangements as is common in "special purpose entities"). Under IFRS 10, control is based on whether an investor has power over the investee, exposure, or rights, to variable returns from its involvement with the investee, and the ability to use its power over the investee to affect the amount of the returns.

Applicable to annual periods beginning on or after January 1, 2013. Management is evaluating the impact, if any, of the adoption of this standard on the disclosures in its consolidated financial statements.

IFRS 11 *Joint Arrangements*

Replaces IAS 31 *Interests in Joint Ventures*. Requires a party to a joint arrangement to determine the type of joint arrangement in which it is involved by assessing its rights and obligations and then account for those rights and obligations in accordance with that type of joint arrangement.

Joint arrangements are either joint operations or joint ventures:

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint operators recognize their assets, liabilities, revenue and expenses in relation to its interest in a joint operation (including their share of any such items arising jointly)
A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (joint venturers) have rights to the net assets of the arrangement. A joint venturer applies the equity method of accounting for its investment in a joint venture in accordance with IAS 28 *Investments in Associates and Joint Ventures* (2011). Unlike IAS 31, the use of "proportionate consolidation" to account for joint ventures is not permitted.
This standard is applicable for annual periods beginning on or after January 1, 2013. Management is evaluating the impact, if any, of the adoption of this standard on the Company's consolidated financial statements.

IFRS 12 *Disclosure of Interests in Other Entities*

Requires the extensive disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with, interests in other entities and the effects of those interests on its financial position, financial performance and cash flows

4. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS NOT YET ADOPTED (Continued)

In high-level terms, the required disclosures are grouped into the following broad categories:

- Significant judgments and assumptions - such as how control, joint control, significant influence has been determined.
- Interests in subsidiaries - including details of the structure of the group, risks associated with structured entities, changes in control, and so on.
- Interests in joint arrangements and associates - the nature, extent and financial effects of interests in joint arrangements and associates (including names, details and summarized financial information).
- Interests in unconsolidated structured entities - information to allow an understanding of the nature and extent of interests in unconsolidated structured entities and to evaluate the nature of, and changes in, the risks associated with its interests in unconsolidated structured entities

IFRS 12 lists specific examples and additional disclosures which further expand upon each of these disclosure objectives, and includes other guidance on the extensive disclosures required.

This standard is applicable for annual periods beginning on or after January 1, 2013. Management is evaluating the impact, if any, of the adoption of this standard on the Company's consolidated financial statements.

IFRS 13 *Fair Value Measurement*

This standard defines fair value, provides guidance on how to determine fair value and requires disclosures about fair value measurements. However, IFRS 13 does not change the requirements regarding which items should be measured or disclosed at fair value.

IFRS 13 applies when another IFRS requires or permits fair value measurements or disclosures about fair value measurements (and measurements, such as fair value less costs to sell, based on fair value or disclosures about those measurements). With some exceptions, the standard requires entities to classify these measurements into a "fair value hierarchy" based on the nature of the inputs:

- Level 1 - quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 - inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 - unobservable inputs for the asset or liability.

Entities are required to make various disclosures depending upon the nature of the fair value measurement (e.g., whether it is recognized in the financial statements or merely disclosed) and the level in which it is classified. This standard applies to annual reporting periods beginning on or after January 1, 2013.

Management is evaluating the impact, if any, of the adoption of this standard on the Company's consolidated financial statements.

4. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS NOT YET ADOPTED (Continued)

IAS 28 Investments in Associates and Joint Ventures

This standard supersedes IAS 28 Investments in Associates and prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.

The standard defines "significant influence" and provides guidance on how the equity method of accounting is to be applied (including exemptions from applying the equity method in some cases). It also prescribes how investments in associates and joint ventures should be tested for impairment.

Applicable to annual reporting periods beginning on or after January 1, 2013. Management is evaluating the impact, if any, of the adoption of this standard on the Company's consolidated financial statements.

5. ACQUISITION OF COMMON SHARES OF VA URANIUM HOLDINGS INC. ("VAUH") AND OTISH MINERALS LTD.

On December 31, 2011, the Company held an 11.55% interest in VAUH and classified its investment as an AFS financial asset. On September 27, 2012, the Company acquired all the shares of VAUH pursuant to a plan of arrangement (the "Arrangement") providing the Company with 100% ownership of VAUH. Prior to September 27, 2012, the Company recognized gains and losses on the investment in other comprehensive income.

In connection with the Arrangement, Anthem Resources Incorporated ("Anthem") completed the transfer of CAD $400,000 cash and the Otish Property interest - see Note 6(i), valued at $3,559,850, to the Company, for consideration of a promissory note of $3,966,690 equivalent of CAD $3,900,000.

Under the terms of the Arrangement, each Anthem shareholder received 0.1 of a common share of the Company in exchange for one share held with Anthem. The shareholders of VAUH received 0.1817 of one common share of the Company in exchange for one share held with VAUH. Pursuant to the Agreement, the Company acquired all the shares of VAUH held by Anthem in return for the issuance of 23,399,329 common shares with a fair value of $21,141,186 to shareholders of VAUH and Anthem Resources Incorporated ("Anthem").

The acquisitions of VAUH and Otish have been accounted for as asset acquisitions, whereby all the VAUH and Otish assets acquired and liabilities assumed have been recorded at fair value.

(Expressed in US dollars)

5. ACQUISITION OF COMMON SHARES OF VA URANIUM HOLDINGS INC. ("VAUH") AND OTISH MINERALS LTD. (continued)

The allocation of the consideration given and net assets acquired in the VAUH transaction are summarized as follows:

Fair value of common shares issued to acquire shares of VAUH	$	16,872,316
Fair value of common shares issued to acquire the VAUH interest held by Anthem		4,268,870
Revaluation of existing investment in VAUH		2,760,664
Transaction costs related to the acquisition		161,940
Total consideration	$	24,063,790
Cash	$	893,846
Short-term investments		260,228
Due from Anthem		39,356
Other current assets		40,083
Mineral property interests		24,084,717
Equipment		50,411
Accounts payable		(1,304,851)
Net assets acquired	$	24,063,790

As a result of the Arrangement, the existing investment in VAUH was determined to be impaired and the impairment loss was determined as follows:

Fair value as at December 31, 2011	$8,454,731
Fair value as at September 27, 2012	2,760,664
Impairment loss	5,694,067
Reclassification of unrealized loss from accumulated other comprehensive income	322,392
Loss realized on previously held interest in VAUH	$6,016,459

(Expressed in US dollars)

6. EXPLORATION AND EVALUATION ASSETS

Acquistion of Coles Hill Properties	24,084,717
Acquistion of Otish Mountain Properties	3,517,816
Mineral Properties, December 31, 2012	$ 27,602,533

(a) The Coles Lease and the Bowen Lease

On April 4, 2007, VirginiaCo entered into a deed of mineral lease with Bowen (the "Bowen Lease") and a deed of mining lease with Coles Hill (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, as applicable, an earned revenue royalty at a fixed percentage of the actual price per pound of U_3O_8 received by VirginiaCo for arm's length sales to third parties. VirginiaCo shall pay a revenue royalty of 3% for sales of U_3O_8 at a realized price per pound of less than $30, 4% for sales of U_3O_8 at a realized price per pound at or greater than $30, but less than $100, and 5% for sales of U_3O_8 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 under the terms of the Bowen Lease and $750,000 to Coles Hill under the terms of the Coles Lease. These amounts will be recorded when the amounts become fixed and determinable.

Pursuant to an option agreement (the "Coles Option Agreement") dated May 31, 2007, among VirginiaCo, Walter Coles, Sr. 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 $857,109. 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.

6. EXPLORATION AND EVALUATION ASSETS (Continued)

(b) 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.

Pursuant to an agreement for like-kind exchange 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 (the "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 Burts Lands pursuant to the terms of the Exchange Agreement.

(c) 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.

6. EXPLORATION AND EVALUATION ASSETS (Continued)

(d) 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.

(e) 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.

(f) 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.

6. EXPLORATION AND EVALUATION ASSETS (Continued)

(g) 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.

(h) 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.

(i) The Otish Mountain Property

The Company holds a 100% interest in several blocks of mineral claims in the Otish Mountains of northern Quebec. Some of the claims are subject to NSRs between 1.5% and 2.0%, of which portions may be acquired for consideration of up to CAD $2,000,000.

(Expressed in US dollars)

7. EQUIPMENT

Cost		
Balance, December 30, 2011	$	-
Acquired on acquisition of VAUH (note 5)		50,411
Balance, December 31, 2012	$	50,411
Accumulated Depreciation		
Balance, December 30, 2011	$	-
Charge for the period		5,948
Balance, December 31, 2012	$	5,948
Carrying Amounts		
At December 30, 2011	$	-
At December 31, 2012	$	44,463

8. CAPITAL STOCK

(a) **Authorized**

Unlimited number of common shares without par value

(b) **Issued and outstanding**

On September 27, 2012, the Company issued 23,399,329 common shares for the acquisition of the common shares of VAUH for a value of $21,141,186.

(c) **Escrow shares**

As at December 31, 2012, an amount of 12,156,239 common shares are held in escrow. As a Tier 2 Issuer (as defined in TSX-V Policy 1.1), the escrowed common shares will be released over 36 months.

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

(Expressed in US dollars)

8. CAPITAL STOCK (continued)

(d) Stock options

As at December 31, 2012, the Company had the following outstanding stock options:

Number	Exercise Price	Date of Expiry
16,000	$6.45	23-Jun-13
20,000	$6.45	27-Sep-13
7,500	$3.23	27-Sep-13
145,000	$1.59	27-Sep-13
15,000	$2.80	27-Sep-13
8,000	$3.23	21-Nov-13
365,000	$1.59	11-Nov-15
10,000	$2.80	15-Feb-16
586,500	(586,500 exercisable]	

The exercisable stock options are anti-dilutive and have been excluded from the computation of diluted net loss per share.

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company has classified its financial assets as follows:

	December 31, 2012		December 31, 2011	
Financial assets	FVTPL	Loans and Receivables	FVTPL	Loans and Receivables
Cash and cash equivalents	$ 479,983	$ -	$ -	$ -
Due from related party	-	81,997	$ -	$ -
	$ 479,983	$ 81,997	$ -	$ -

The financial assets are carried at fair value as at December 31, 2012 and December 31, 2011. The Company classifies its financial liabilities, accounts payable and accrued liabilities and loans payable, as other financial liabilities and carries them at amortized cost.

(Expressed in US dollars)

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Risk Management

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

Currency Risk

The Company operates in the United States and Canada and is exposed to foreign exchange risk as certain expenditures are denominated in non-US dollar currencies. Canadian dollar denominated balances generated foreign exchange gains and losses that are reported on the Statement of Loss and Comprehensive Loss. A strengthening or weakening of $0.01 in the U.S. dollar against the Canadian dollar would not have a material impact on net loss. At December 31, 2012 and 2012, 1 U.S. Dollar was equal to 1.017 and 0.995 Canadian Dollars respectively.

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

	December 31, 2012	December 31, 2011
Cash and cash equivalents	$ 284,096	$ -
Commodity taxes receivable	36,122	-
Accounts payable and accrued expenses	(468,245)	-
	$ (148,027)	$ -

Interest Rate Risk

The Company has cash balances and deposits at fixed rates. The Company currently invests its excess cash in money market accounts and certificate of deposits held by United States and Canadian banking institutions. The Company manages its interest rate risk on these investments by maximizing the interest income earned on excess funds while maintaining the liquidity necessary to conduct operations on a day-to-day basis. Fluctuations in market rates of interest on cash and cash equivalents do not have a significant impact on the Company's results of operations due to the short term maturity of the investments. The effect of a one basis point increase or decrease on the short-term investments to net loss is not material.

Credit Risk

The Company has no significant concentration of credit risk arising from operations. Cash equivalents consist of money market accounts that have been invested with United States and Canadian banking institutions with short-term maturities. Management believes the risk of loss is remote. Commodity taxes receivable consist primarily of goods and services tax due from the Federal Government of Canada and amounts due from related parties. The maximum exposure to credit risk is limited to amounts shown on the balance sheet at December 31, 2012. Management believes that the credit risk associated with accounts receivable is remote.

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Liquidity Risk and Fair Value Hierarchy

The Company manages its liquidity risk by preparing and monitoring forecasts of cash expenditures to ensure that it will have sufficient liquidity to meet liabilities when due. The Company's accounts payable and accrued liabilities generally have maturities of less than 90 days.

The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 – Inputs that are not based on observable market data.

Under the fair value hierarchy for 2012 and 2011, cash, cash equivalents would be considered a level 1 fair value measure.

10. CAPITAL MANAGEMENT

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to pursue the exploration and development programs on its mineral properties. The Company manages its capital structure, consisting of shareholders' equity, and makes adjustments to it, based on funds available to the Company, in order to support the exploration and development of its mineral properties. The Company relies primarily on the issuance of common shares for its capital requirements.

All of the Company's cash and cash equivalents are available for exploration and development programs and administrative operations. The Company has not changed its approach to capital management during the current period, and is not subject to any external capital restrictions.

(Expressed in US dollars)

11. 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 Colombia statutory income tax rates of 25%.

	Year ended Dec. 31, 2012
(Loss) income before income taxes	(7,566,396)
	25.00%
Income tax expense/(recovery) at statutory rates	(1,891,599)
Add/(less) tax effect of the following:	
- Expenses not tax deductible	1,778,709
- Difference in foreign tax rates	(160,076)
- Change in unrecognized deductible temporary differences	274,470
- Foreign Exchange	(1,504)
Income tax expense	(0)

Unrecognized deferred tax assets:

Deferred income tax assets have not been recognized in respect of the following items:	
Deductible temporary difference - mineral properties and capital assets	3,667,463
Deductible temporary difference - Other	109,932
Loss carry forwards	21,765,320
	25,542,714

The tax losses not recognized expire as per the amount and year noted below. The deductible temporary differences do not expire under current tax legislation. 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 therefrom or the initial recognition exemption prohibits recognition.

Non-Capital Losses

As at December 31, 2012, the Company had the following income tax attributes to carry forward:

	Amount	Expiry
Canada	3,388,216	2026 - 2032
USA	18,318,015	2026 - 2032
	21,706,231	

(Expressed in US dollars)

12. RELATED PARTY TRANSACTIONS

Due from related party consists of $81,997 (December 31, 2011 - $nil) due from Anthem for reimbursement of certain operating expenses.

Note payable to related party consists of a Promissory Note payable to Anthem of $3,950,498 exchanged in the acquisition of the Otish property. The note bears interest at the rate of 3% per annum and matures on August 20, 2015. Included in the loan balance at year end is accrued interest on the Promissory Note in the amount of $30,607. The Company and Anthem have common officers.

Loan payable to related party consists of a short term bridge loan from Sprott Resources Lending Corp. for working capital. The loan bears interest at the rate of 12% annually and matures on February 28, 2013. Included in the loan balance at year end is accrued interest in the amount of $979. In consideration for the advance, the Company agreed to pay a structuring fee to Sprott in the amount of CAD$7,500 and a cash bonus payment equal to 6% of the principal amount of the loan. A director of the Company is also a director and officer of Sprott Inc. and a director of Sprott Resource Corp. The loan and accrued interest was paid off on January 31, 2013.

An officer and director of the Company was paid $16,667 in 2012 for legal services.

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, 2012 and 2011 are as follows:

Officers

		2012		2011
Salaries and consulting fees	$	54,996	$	-

Directors

		2012		2011
Salaries and consulting fees	$	8,750	$	-

13. SUBSEQUENT EVENTS

In January, 2013, the Company issued 15,235,239 common shares for gross cash proceeds of CAD$6,398,800 and issued 8,844,619 common shares for 21,851,411 Energy Fuels shares valued at CAD$3,714,740 for an aggregate amount of CAD$10,113,538.

On January 31, 2013, the Loan Payable to Sprott Resources Lending Corp. was paid off in full with accrued interest.

13. SUBSEQUENT EVENTS (continued)

On March 28, 2013, the Company learned that the Government of Quebec will conduct an impact study on the exploration and development of uranium in the province. The Bureau d'Audiences Publiques sur l'Environnement has been given a mandate to conduct the study next fall. Until the study is completed, the Government stated that no certificates of authorization will be issued for the exploration or development of uranium in Quebec. Further exploration on the Company's Otish Mountains uranium project will be suspended until such time that the Quebec government completes this evaluation. The Company is reviewing its administrative and legal options with regard to the government decision.