MANAGEMENT DISCUSSION AND ANALYSIS
3RD QUARTER ENDED SEPTEMBER 30, 2012

*This Management Discussion and Analysis ("MD&A") is intended to supplement the Company's condensed consolidated interim financial statements and notes thereto for the nine months ended September 30, 2012. This report is as at **November 28, 2012**.*

All monetary amounts are in US dollars unless otherwise specified.

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

November 28, 2012

The MD&A has been prepared by management and reviewed and approved by the Audit Committee. The following discussion of performance, financial condition and future prospects should be read in conjunction with the condensed consolidated unaudited interim financial statements for the nine months period ended September 30, 2012 and the audited consolidated financial statements of the Company and notes thereto, for the years ended December 31, 2012 and 2011 as contained in the Listing Application with the TSX-V which can be viewed on www.sedar.com. The information provided herein supplements but does not form part of the financial statements. This discussion covers the acquisition of VA Uranium Holdings, Inc. ("VAUH") on September 27, 2012 and the subsequent period up to the date of issue of this MD&A.

The technical information in this MD&A has been reviewed by Michael Cathro, P.Geo., the Company's Vice President of Exploration and a Qualified Person under the meaning of National Instrument 43-101.

OVERVIEW

Virginia Energy Resources Inc. (hereinafter referred to as the "Company" or "Virginia Energy") 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.

HIGHLIGHTS AND OVERALL PERFORMANCE

ACQUISITION OF COMMON SHARES OF VA URANIUM HOLDINGS INC.

On September 27, 2012, the Company acquired VA Uranium Holdings, Inc. ("VAUH") and its subsidiaries pursuant to a plan of arrangement (the "Arrangement") providing the Company with 100% ownership of VAUH.

In connection with the Arrangement, Anthem also completed the transfer of $400,000 cash and the Otish Property interest, valued at CAD $3,500,000, to the Company, for consideration of a promissory note 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 from Anthem.

COLES HILL URANIUM DEPOSIT

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

Coles Hill comprises two adjacent mineralized bodies with an NI 43-101 compliant, indicated resource of 119.6 million tons grading 0.056% U_3O_8 for **133 million pounds U_3O_8** according to a NI 43-101 Report of updated PEA and resource calculation by Lyntek Inc. and BRS Inc. filed September, 2012[3].

The updated Preliminary Economic Assessment (PEA) report[3] indicates attractive project economics:

- Initial production of 2 million lbs per year
- The PEA evaluated a portion of the indicated resource totaling 64.2 M lbs U_3O_8 with an average grade of 0.098% at a cutoff grade of 0.06%
- Initial Cash Cost (years 1-10) $30.72/lb
- NPV of US$427 M;
- IRR of 36.3% (at $64/lb)
- An increase of US$5 per pound in uranium selling prices causes the project NPV to rise by US$110M

[3] Please see www.sedar.com for NI 43-101 Report of updated PEA and resource calculation by Lyntek Inc. and BRS Inc. - filed Sept. 2012.

Coles Hill is located on gently rolling hills in Pittsylvania County, southern Virginia, in close proximity to roads, rail, gas pipeline, water, electricity, and skilled labor. Virginia is a leader in the nuclear industry, home to four high-performing nuclear power plants, commercial nuclear fuel production and engineering services, and significant naval nuclear infrastructure.

The deposit was initially explored between 1980-1982, when Marline and Union Carbide drilled 210 holes (190,000 feet) to define the deposits. Between 1982-1983, a subsidiary of Union Carbide completed a feasibility study to put the deposit into production, but the project was shelved due to the drop in the price of uranium. At that time, a 5000-ton per day open pit mine and mill was envisioned. The project lay dormant until 2007 when Virginia Uranium, Inc. drilled 12 holes to confirm the historic grades as part of the initial NI 43-101 technical report and resource calculation.

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

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

On January 19, 2012, Virginia Governor Bob McDonnell announced his decision to direct Virginia's regulatory agencies to begin the process of drafting a regulatory and permitting program for uranium mining in Virginia. The governor's decision is an important milestone toward establishing a regulatory framework by statute that could potentially enable the construction and operation of one of the safest uranium mines in the world at the Coles Hill site.

The Company anticipates that the state of Virginia will consider lifting the moratorium during winter 2013 legislative session.

EXPLORATION PROPERTIES

<u>OTISH MOUNTAINS, QUEBEC PROJECTS</u>

Pursuant to the Plan of Arrangement concluded on September 27, 2012, Anthem transferred the Otish property interest and CAD $400,000 cash to Virginia Energy in return for a Promissory Note for $3,825,405, payable to Anthem.

Virginia Energy Resources Inc. holds a 100% interest in a very extensive group of properties in the emerging Proterozoic Otish Basin located in central Quebec. The properties have numerous high-grade uranium prospects similar to the nearby **Matoush** deposit of Strateco Resources Inc. with 7.78 million pounds U_3O_8 in the indicated category, and 19.22 million pounds U_3O_8 in the inferred category (Reference: Strateco website), the **Seru L** zone (or Lavoie) deposit of Abitex/Soquem/Areva with 3.9 million pounds eU_3O_8 in the indicated category and 9.26 million pounds eU_3O_8 in the inferred category (Reference: Abitex website), and Cameco's **South Otish (Camie River)** property.

Virginia's nine properties include **Beaver Lake, Otish West, Strategis, Lorenz, Marc-Andre, Trident, Cigare, Peribonca and Otish East**.

Virginia's work since 2007 has brought several targets to the drilling stage, including:

Lac du Castor: located on the Peribonka property, 5 km northeast of and on the same structure as the Seru L zone. Hole 2011-04 drilled by the Company in 2011, intersected 9.0 m grading 0.10% U_3O_8 beginning at a depth of 75.8 metres, including higher grade intervals of 6.5 m grading 0.13% U_3O_8 or 3.0 m grading 0.188% U_3O_8. The mineralized zone occurs in a flat-lying sandstone unit beneath a gabbro sill, a similar setting to the L zone.

L-Zone Extensions: Little drilling has been done along strike to the east and west of the main Seru L zone, which is on a small Abitex claim block, completely surrounded by Virginia's Peribonka property. In 2011, a new boulder discovery was made 3.5 km along strike to the west of the Seru L zone. At the Blair boulder train, six angular sandstone boulders averaged 0.377% U_3O_8 and 1.71 g/t Au. The richest boulder assayed 1.31% U_3O_8 and 5.71 g/t Au. There has been no drilling in the area.

Lorenz Gully: This zone is located about 300 to 500 m from the unconformity on the northern basin margin. Drilling by Uranerz in 1978-78 cut narrow basement-hosted intersections such as 0.5 m grading 1.87% U_3O_8 and 3.0 m grading 1171 ppm U_3O_8. Stripping and prospecting by Virginia in 2009 extended the mineralized trend to an area of more than 900 m by 120 m. Grab samples on this trend range from about 0.1 to 1% U_3O_8. The mineralization occurs on a low ridge with minimal soil and moss cover. Additional stripping and channel sampling is recommended prior to drilling. There is potential here for both bulk-tonnage and high-grade mineralization.

Lac Tion: Two boulder trains contain small gabbro boulders grading up to 5.47% U_3O_8. A historic hole by Seru cut 1.5 m grading 0.555% U_3O_8 in gabbro, beginning at 4.75 m depth. 2009 work has defined new magnetic structures and soil anomalies for drill testing. The target is a high-grade Matoush-type structure.

Red-Green: A total of about 20 strongly altered, radioactive boulders up to 2 m in diameter are present on Virginia's Trident property. The boulders grade up to 0.83% U_3O_8 and 3.3 g/t Au and are thought to be close to their bedrock source. Three holes were drilled in 2011 but were not successful in locating mineralization in place. Additional field studies are required to define new targets.

Marc-Andre: A Matoush-type gabbro dike has been traced for nearly four kilometres. At the Marc-André prospect, overburden stripping has exposed a 10 x 25 metre mineralized area along the faulted contact between gabbro and sandstone. The best 2008 channel sample cut 1.5 metres grading 0.146 % U_3O_8 and some samples were also anomalous in Au. Limited past drilling has cut weakly mineralized alteration beneath the trench and more drilling is warranted.

Access to the Virginia properties is currently by floatplane or helicopter, however, Quebec has announced a project to upgrade the existing Eastmain winter road to all-weather status. This road, to be called the Route 167 Extension, will provide access for several mining projects in the region and will pass within a few kilometres of Virginia's claims. Construction is underway.

On August 9, 2012 the James Bay Cree Nation declared a moratorium on uranium exploration and mining in Eeyou Istchee, the James Bay Cree territory, Quebec, which includes the Company’s Otish properties. This action is believed to have been prompted by opposition to the advanced Matoush Project of Strateco Resources Inc., and the ongoing regulatory review of underground development at Matoush. The Company is concerned about this moratorium, and will pursue dialogue with the Cree Nation and the Government of Quebec with the goal of having it lifted.
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RESULTS OF OPERATIONS

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

Summary of Quarterly Results

The Company concluded the Plan of Arrangement on the second last business day of the quarter ended September 30, 2012 and as such has no operating loss statements for the prior quarters.

Cash flows for the quarter ended September 30, 2012

Cash and cash equivalents of $1,293,846 were acquired in the acquisition of VAUH and its subsidiaries.

Loss for the quarter ended September 30, 2012

Losses of $5,354,146 are due to the revaluation of the VAUH investment as a result of the Plan of Arrangement concluding on the second last business day of the quarter ended September 30, 2012.

LIQUIDITY AND CAPITAL RESOURCES

At September 30, 2012, the Company had working capital, current assets net of current liabilities, of $328,662. The Company's discretionary activities have considerable scope for flexibility in terms of the amount and timing of expenditure, and expenditures may be adjusted accordingly. The Company's ability to continue as a going concern is dependent on the ability of the Company to raise additional equity financing and the ultimate attainment of profitable operations. The Company is actively pursuing various financing opportunities.

OFF-BALANCE SHEET ARRANGEMENTS

There are no off-balance sheet arrangements.

RELATED PARTY TRANSACTIONS

Due from related party consists of $39,356 due from Anthem, a company with common officers.

Note payable to related party of $3,825,405 due to Anthem Resources, a company with common officers and consists of a Promissory note of CAD $3,900,000 exchanged in the acquisition of the Otish property and CAD $400,000 cash in conjunction with the Plan of Arrangement concluding on September 27, 2012.

PROPOSED TRANSACTIONS

There are no proposed transactions.

RISK FACTORS

Success in the mining exploration and development business is measured by a company's ability to raise funds, secure properties of merit and, ideally, identify commercial deposits on one of its properties. The attainment of these objectives is influenced by many factors not necessarily within management's control.

The ability to raise funds is to a large part dependent on the state of the junior resource stock market, which in turn is dependent on the economic climate, metal prices and perceptions as to which way the market is headed. Current economic conditions and the volatility in equity and commodity prices are causing concern and uncertainty in the industry.

Other risk factors include political risks, the establishment of undisputed title to mineral properties, environmental concerns and obtaining governmental permits and licenses when required.

The resource industry is intensely competitive in all of its phases, and the Company competes with many companies possessing far greater financial resources and technical facilities than itself. Competition could adversely affect the Company's ability to acquire, explore and develop properties in the future.

Certain of the directors and officers of the Company also serve as directors and/or officers of other companies involved in natural resource exploration and development and consequently there exists the possibility for such directors and officers to be in a position of conflict. Any decision made by such directors and officers involving the Company will be made in accordance with their duties and obligations to deal fairly and in good faith with respect to the Company and such other companies. In addition, such directors and officers are required to declare and refrain from voting on any matter in which such directors and officers may have a conflict of interest.

The Company is exposed to risks in collecting accounts receivable from joint venture partners who are not adequately financed in this current market turmoil and uncertainty. The Company limits its exposure to credit loss by placing its cash with major financial institutions.

ENVIRONMENTAL RISKS

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous materials and other matters. The Company may also be held liable should environmental problems be discovered that were caused by former owners and operators of its properties and properties in which it has previously had an interest. The Company conducts its mineral exploration activities in compliance with applicable environmental protection legislation. The Company is not aware of any existing environmental problems related to any of its current or former properties that may result in material liability to the Company.

Environmental legislation is becoming increasingly stringent and costs and expenses of regulatory compliance are increasing. The impact of new and future environmental legislation on the Company's operations may cause additional expenses and restrictions.

If the restrictions adversely affect the scope of exploration and development on the mineral properties, the potential for production on the property may be diminished or negated.

DISCLOSURE CONTROLS AND PROCEDURES

The Board of Directors of the Company has adopted a Corporate Disclosure Policy relating to disclosure of controls and procedures. This Policy extends to the conduct of directors, officers, spokespersons and other employees and agents of the Company, and all methods that the Company uses to communicate to the public. The disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported to management of the Company, including the Chief Executive Officer and the Chief Financial Officer, on a timely basis so that appropriate decisions can be made regarding public disclosure.

Management has evaluated the effectiveness of the Company's disclosure controls and procedures, and believes they have been effective in providing reasonable assurance that information required to be disclosed in the Company's annual filings and interim filings (as such terms are defined under Multilateral Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings)* and other reports filed or submitted under Canadian securities laws is recorded, processed, summarized and reported within the time periods specified by those laws and that material information is accumulated and communicated to management of the Company, including the Chief Executive Officer and the Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

All relevant information related to the Company is filed electronically at www.sedar.com.

FINANCIAL INSTRUMENTS

The carrying values of cash and cash equivalents, short-term investments, due from related party, accounts payable and accrued liabilities 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, and short-term investments as "FVTPL"; due from related party, as "loans and receivables"; and accounts payable and accrued liabilities and note payable to related party as "other financial liabilities".

Financial assets and financial liabilities classified as FVTPL are measured at fair value with changes in those fair values recognized in net 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: held-to-maturity, FVTPL, loans and receivables, 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

Trade 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.

Held-to-maturity

Held-to-maturity financial assets are recognized on a trade-date basis and are initially measured at fair value using 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. The Company has marketable securities that are classified as AFS.

(i) 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 income statement 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. Financial liabilities include accounts payable and accrued liabilities.

(ii) 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.

OTHER MANAGEMENT'S DISCUSSION AND ANALYSIS

Additional disclosure for venture issuers without significant revenue:

Capital Stock as at *November 28, 2012*:

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

Issued:
33,150,756 common shares, of which 12,156,239 common shares held by certain insiders are escrowed and released in tranches over 36 months

There are no options or warrants issued or outstanding.

FORWARD LOOKING STATEMENTS

This information may contain forward-looking statements that involve inherent risks and uncertainties. The Company's actual results may differ significantly from those anticipated in the forward-looking statements and readers are cautioned not to place undue reliance on these forward-looking statements. The Company undertakes no obligation to publicly release the results of any revisions to forward-looking statements that may be made to reflect events or circumstances after the above-stated date or to reflect the occurrence of unanticipated events.

Other Information

Directors

Walter Coles, Sr., *Chatham*, *Virginia*
Ronald Hochstein, *Vancouver, BC*
Norm Reynolds, *Chatham, Virginia*
Walter Coles, Jr., *New York, NY*
Peter Grosskopf, *Toronto, ON*
Neal Keesee, *Chatham, Virginia*

Officers

Walter Coles, Sr., *President & CEO*
Walter Coles, Jr., *Executive VP of Development*
Mike Cathro, *Vice-President Exploration*
Karen A. Allan, CMA, *CFO*
Joe Kiely, CA, *CO-CFO*
Neal Keesee, *Corp. Secretary*

Auditors KPMG LLP

Legal Council Cassels Brock