VIRGINIA ENERGY RESOURCES INC.

(formerly Virginia Uranium Ltd.)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

NINE MONTHS ENDED SEPTEMBER 30, 2014 and 2013

(unaudited -expressed in US dollars)

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."

Walter Coles, Sr.
President and CEO

"Karen A. Allan"

Karen A. Allan
Chief Financial Officer

Vancouver, British Columbia
November 21, 2014

VIRGINIA ENERGY RESOURCES INC. (formerly Virginia Uranium Ltd.)
Condensed Consolidated Interim Statements of Financial Position
(unaudited - expressed in US Dollars)

	Note		September 30, 2014		December 31, 2013
Assets					
Current					
Cash and cash equivalents		$	2,295,176	$	1,141,230
Commodity taxes receivable			6,685		4,399
Due from related parties	9		235,448		153,892
Other assets			45,930		35,730
Marketable securities	3		153,915		1,738,058
			2,737,154		3,073,309
Exploration and evaluation assets	4		24,084,717		24,084,717
Equipment	5		2,832		21,051
Total assets		$	26,824,703	$	27,179,077
Liabilities					
Current					
Accounts payable and accrued liabilities		$	98,146	$	173,047
					-
			98,146		173,047
Note payable to related party	9		3,870,365		3,805,414
Total liabilities			3,968,511		3,978,461
Shareholders' equity					
Capital stock	6		50,621,328		50,621,328
Contributed surplus			482,394		480,577
Accumulated other comprehensive income			1,088,327		298,813
Deficit			(29,335,857)		(28,200,102)
Total shareholders' equity			22,856,192		23,200,616
Total liabilities and shareholders' equity		$	26,824,703	$	27,179,077

See accompanying notes to consolidated financial statements

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

"Steve Antony" (signed) *"Norman Reynolds" (signed)*

VIRGINIA ENERGY RESOURCES INC. (formerly Virginia Uranium Ltd.)

Condensed Consolidated Interim Statements of Income (Loss) and Comprehensive Income (Loss)
(unaudited -expressed in US dollars)

	Note	For the three months ended September 30		For the nine months ended September 30	
		2014	**2013**	**2014**	**2013**
Expenses					
Compensation and benefits		$ 103,213	$ 224,612	$ 379,403	$ 752,454
Share based compensation	6(e)	-	1,950	1,817	478,546
Public relations		3,281	128,852	9,750	418,419
Professional fees		66,890	420,646	211,594	1,626,476
Technical expense		16,950	87,553	121,599	232,692
General and administrative		82,644	178,534	238,177	673,051
Loss (gain) on sale of marketable securities	3	2,948	(83,418)	54,126	(83,418)
Amortization	5	5,988	6,267	18,219	18,762
Impairment of exploration and evaluation assets	4	-	-	-	3,517,816
Loss before other items		(281,914)	(964,996)	(1,034,685)	(7,634,798)
Other income (loss)					
Interest income		6,135	876	17,180	4,837
Interest expense		(27,082)	(28,337)	(79,995)	(92,963)
Other income		6,635	5,967	14,771	14,987
Foreign exchange		(97,574)	25,093	(53,026)	(88,408)
		(111,886)	3,599	(101,070)	(161,547)
Net loss		(393,800)	(961,397)	(1,135,755)	(7,796,345)
Other comprehensive income (loss)					
Transfer of realized gains on sale of marketable securities		2,762	-	650,944	-
Change in fair value of available-for-sale marketable securities		(19,570)	116,351	138,570	(230,088)
		(16,808)	116,351	789,514	(230,088)
Net income (loss) and comprehensive income (loss) for the period		(410,608)	(845,046)	(346,241)	(8,026,433)
Basic and diluted loss per share		$ (0.01)	$ (0.02)	$ (0.01)	$ (0.16)
Weighted average number of common shares outstanding		57,230,614	57,230,614	57,230,614	49,313,948

See accompanying notes to consolidated financial statements

VIRGINIA ENERGY RESOURCES INC. (formerly Virginia Uranium Ltd.)
Condensed Consolidated Interim Statement of Changes in Shareholders' Equity
(unaudited - expressed in US dollars)

	Capital Stock		Accumulated Other			Total
	Common Shares	Amount	Comprehensive Income (Loss)	Contributed Surplus	Deficit	Shareholders' Equity
Balance, December 31, 2012	33,150,756	$ 40,965,330	$ 887,922	$ -	$ (19,501,339)	$ 22,351,913
Shares issued for cash				-		
Private placements	15,235,239	6,396,873	-	-	-	6,396,873
Share issue costs	-	(211,707)	-		-	(211,707)
Shares issued for marketable securities						
Private placements	8,844,619	3,688,027	-		-	3,688,027
Share issue costs	-	(217,195)	-		-	(217,195)
Change in fair value of available-for-sale marketable securities	-	-	(230,088)		-	(230,088)
Share-based compensation	-	-	-	478,546	-	478,546
Net loss for nine months	-	-	-	-	(7,796,345)	(7,796,345)
Balance, September 30, 2013	57,230,614	50,621,328	657,834	478,546	(27,297,684)	24,460,024
Balance, December 31, 2013	57,230,614	50,621,328	298,813	480,577	(28,200,102)	23,200,616
Change in fair value of available-for-sale marketable securities	-	-	138,570	-	-	138,570
Transfer of realized gain on sale of marketable securities	-	-	650,944	-	-	650,944
Share based compensation	-	-	-	1,817	-	1,817
Net loss for nine months	-	-	-	-	(1,135,755)	(1,135,755)
Balance, September 30, 2014	**57,230,614**	**$ 50,621,328**	**$ 1,088,327**	**$ 482,394**	**$ (29,335,857)**	**$ 22,856,192**

See accompanying notes to condensed consolidated interim financial statements

VIRGINIA ENERGY RESOURCES INC. (formerly Virginia Uranium Ltd.)
Condensed Consolidated Interim Statement of Cash Flows
(unaudited -expressed in US dollars)

	For the nine months ended September 30	
	2014	2013
Cash from operating activities		
Net loss	**$ (1,135,755)**	$ (7,796,345)
Non-cash items:		
Amortization	**18,219**	18,762
Share based compensation	**1,817**	478,546
Loss (gain) on sale of marketable securities	**54,126**	(83,418)
Impairment of exploration and evaluation assets	**-**	3,517,816
Net changes in non-cash working capital items		
Other assets	**(10,200)**	(9,583)
Commodity taxes receivable	**(2,286)**	(3,956)
Accounts payable and accrued liabilities	**(74,901)**	(813,054)
Accrued interest on note payable to related party	**64,951**	86,352
Due from related parties	**(81,556)**	(59,960)
Cash used in operating activities	**(1,165,585)**	(4,664,840)
Financing activities		
Net proceeds from the issuance of capital stock	**-**	6,185,166
Repayment of loan to related party	**-**	(742,421)
Net proceeds from sale of marketable securities	**2,319,531**	858,769
Cash provided from financing activities	**2,319,531**	6,301,514
Investing activities		
Purchase of equipment	**-**	(1,575)
Cash provided (used in)/from investing activities	**-**	(1,575)
Net increase in cash and cash equivalents	**$ 1,153,946**	$ 1,635,099
Cash and cash equivalents beginning of the period	**1,141,230**	479,983
Cash and cash equivalents end of the period	**2,295,176**	2,115,083

See accompanying notes to consolidated financial statements

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 in the United States. 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. ("VAUH") and its subsidiaries and Otish Minerals Ltd. (note 4) ("the Arrangement"). Prior to September 27, 2012, the Company held an investment in VA Uranium Holdings Inc.

Details of the Company's wholly owned subsidiaries are as follows:

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

The head office of the Company is located at 611 - 675 West Hastings Street, Vancouver, British Columbia, Canada, V6B 1N2.

These consolidated financial statements have been prepared on a basis which contemplates that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business, rather than through a process of forced liquidation. The Company's ability to continue as a going concern is dependent on the ability of the Company to raise additional equity financing and 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 expenditure, and expenditures may be adjusted accordingly. These consolidated financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. If the going concern assumptions were not appropriate for these consolidated financial statements then adjustments would be necessary to the carrying value of assets and liabilities, the reported expenses and the statement of financial position classifications used. Such adjustments could be material.

2. BASIS OF PRESENTATION

Statement of compliance

The condensed consolidated interim financial statements of the Company have been prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB") and are reported in United States dollars ("USD"). The significant accounting policies as set out in Note 3 of the financial statements as at and for the year ended December 31, 2013 have been applied in preparing these condensed interim financial statements. These condensed consolidated interim financial statements were authorized for issuance by the Company's Board of Directors on November 21, 2014.

2. BASIS OF PRESENTATION (Continued)

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.

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.

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.

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.
- Stock option valuation – The Black-Scholes fair value option pricing model requires the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate and requires judgment in making these estimates. Annualized volatility is based on volatility measures used by similar companies.

(unaudited - expressed in US dollars)

3. MARKETABLE SECURITIES

In connection with a private placement in January 2013, the Company received 437,028 common shares of Energy Fuels Inc. issued on a private placement basis valued at $3,688,027 (CAD$3,714,740) as consideration for shares in the Company. Refer to note 6(c). In addition, 26,221 Energy Fuels Inc. common shares issued to the Company were subsequently transferred to a third party as a finder's fee for a total value of $217,195.

The Company sold 280,436 Energy Fuels Inc. common shares during the nine months ending September 30, 2014 for a loss of $54,126. The remaining 23,000 common shares are designated as available-for-sale securities and had a fair value of $153,915 (CAD$172,500) at September 30, 2014.

4. EXPLORATION AND EVALUATION ASSETS

Mineral properties, December 31, 2012	$	27,602,533
Less Impairment of Otish Mineral Properties		(3,517,816)
Mineral properties, December 31, 2013		24,084,717
Mineral properties, September 30, 2014	$	24,084,717

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.

4. EXPLORATION AND EVALUATION ASSETS (Continued)

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.

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.

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.

4. EXPLORATION AND EVALUATION ASSETS (Continued)

The Marline Property

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

The Holmes Property

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

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

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

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

The Timberland Property

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

4. EXPLORATION AND EVALUATION ASSETS (Continued)

The Martin Property

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

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

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

The Jackson Property

Pursuant to a contract for the purchase and sale of property dated February 4, 2011, Southside purchased a parcel of land in Pittsylvania County (the "Jackson Property"). As consideration for the Jackson Property, Southside paid an aggregate sum of $806,206 on closing.

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.

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 but no time frame has been provided. 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 has recognized an impairment loss of $3.5M against the Otish mineral properties, which is equivalent to its carrying value, and included the exploration and evaluation expenditures and field equipment for the Otish mineral property. The Company is reviewing its administration and legal options with regard to the government decision.

(unaudited - expressed in US dollars)

5. EQUIPMENT

Cost		**Total**
Balance, December 31, 2012	$	50,411
Acquired during the period		1,575
Balance, December 31, 2013		51,986
Acquired during the period		-
Balance, September 30, 2014	**$**	**51,986**
Accumulated Amortization		
Balance, December 31, 2012	$	5,948
Charge for the period		24,987
Balance, December 31, 2013		30,935
Charge for the period		18,219
Balance, September 30, 2014	**$**	**49,154**
Carrying Amounts		
At December 31, 2012	$	44,463
At December 31, 2013	$	21,051
At September 30, 2014	**$**	**2,832**

6. 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. As of December 31, 2013 and September 30, 2014 there were 57,230,614 common shares issued and outstanding.

(c) Private placement

On January 28, 2013, the Company issued 24,079,858 common shares for total gross proceeds $10,084,900 (CAD$10,113,540), of which, 15,235,239 common shares were issued for gross cash proceeds of $6,396,873 (CAD$6,398,800) and 8,844,619 common shares were issued in exchange for 437,028 common shares of Energy Fuels Inc. (refer to note 3). Finders' fees of $211,707 were incurred on a portion of the financing. In addition, 26,221 Energy Fuels Inc. common shares fair valued at $217,195 were transferred to a third party as finder's fees.

(unaudited - expressed in US dollars)

6. CAPITAL STOCK (continued)

(d) Escrow shares

As at September 30, 2014 and December 31, 2013, there were 3,577,625 and 7,065,127 common shares respectively held in escrow. As a Tier 2 Issuer (as defined in TSX-V Policy 1.1), the escrowed common shares are released over 36 months.

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

(e) Stock options and warrants

In connection with the Arrangement, options held in Anthem Resources Incorporated ("Anthem"), were distributed from Virginia under the same terms as the share issue totaling 586,500 options exercisable in post consolidation amounts, of which, 211,500 have expired. The remaining 375,000 have exercise amounts ranging from CAD$1.59 to CAD$2.80 expiring at dates starting from November 11, 2015 to November 15, 2016.

On April 30, 2013, the Company granted 3,029,700 stock options to directors, officers and consultants, exercisable at CAD$0.42 until April 30, 2018. The options have an estimated fair value of CAD$0.17 per option. In accordance with regulations, all but the options granted to an investor relations person, vested on the award date and the Company recorded a share-based payment expense of $1,817 in the nine months ended September 30, 2014 and $480,059 for the same period in 2013.

The following weighted average assumptions were used in the calculation of fair value of granted options:

Risk-free interest rate	1.16%
Expected life	5 years
Annualized volatility [based on similar companies]	95.0%
Dividend rate	0.00%

Stock option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate.

(unaudited - expressed in US dollars)

6. CAPITAL STOCK (continued)

(e) Stock options and warrants (continued)

Stock option transactions are summarized as follows:

	Stock Options	
	Number of Options	**Weighted Average Exercise Price (CAD$)**
Outstanding, December 31, 2012	586,500	$ 1.98
Granted	3,029,700	$ 0.42
Expired	(211,500)	($ 2.62)
Outstanding, December 31, 2013	3,404,700	$ 0.55
Outstanding, September 30, 2014	**3,404,700**	**$ 0.55**
Number exercisable/fully vested	**3,404,700**	**$ 0.55**

As at September 30, 2014 and December 31, 2013, the Company had the following outstanding stock options:

Number		Exercise Price (CAD$)	Date of Expiry
365,000	$	1.59	November 11, 2015
10,000	$	2.80	November 15, 2016
3,029,700	$	0.42	April 30, 2018
3,404,700			

The derivative obligations on Anthem warrants exercisable at $1.80, which if exercised would have obligated the Company to issue 407,042 shares for cash proceeds of 10% of the proceeds received by Anthem, expired during the nine months ended September 30, 2014.

7. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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

Fair Value Risk

The following table summarizes the Company's financial instruments that are carried at fair value as at September 30, 2014, in accordance with the classification of fair value input hierarchy in IFRS 7 Financial Instruments – Disclosures.

	September 30, 2014			
	Level 1	Level 2	Level 3	Total
Marketable securities	153,915	-	-	153,915

(unaudited - expressed in US dollars)

7. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

The fair value of the Company's marketable securities is based on the closing price of Energy Fuel Inc. shares as at period-end. The closing price is a quoted market price obtained from the exchange that is the principal active market for the Energy Fuel Inc. shares.

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

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.

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 1% in the U.S. dollar against the Canadian dollar would not have a material impact on net loss

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

		September 30, 2014		December 31, 2013
Cash and cash equivalents	$	2,366,390	$	954,306
Commodity taxes receivable		7,492		4,677
Marketable securities		172,500		1,847,954
Accounts payable and accrued expenses		(74,962)		(220,818)
Note payable to related party		(4,134,962)		(4,047,452)
	$	(1,663,542)	$	(1,461,333)

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.

7. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

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 September 30, 2014.

8. CAPITAL MANAGEMENT

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to pursue the exploration and development programs on its mineral properties. The Company manages its capital structure, consisting of shareholders' equity ($22,856,192), 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.

9. RELATED PARTY TRANSACTIONS

Due from related parties consists of $179,201 due from Anthem and $56,247 from Skeena Resources Ltd. ("Skeena") for reimbursement of certain operating expenses. Subsequent to the quarter ended September 30, 2014, Skeena paid $30,419. The Company and Anthem and Skeena have common officers.

Note payable to related party consists of a Promissory Note payable to Anthem of $3,870,365 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 is accrued interest on the Promissory Note in the amount of $257,484. The note is secured by the shares of Otish Minerals Ltd., which holds title to the Otish mineral claims.

An officer and director of the Company was paid $22,396 (2013 - $66,667) for legal services provided to the Company.