MANAGEMENT DISCUSSION AND ANALYSIS
ANNUAL AND 4TH QUARTER ENDED DECEMBER 31, 2014

This Management Discussion and Analysis ("MD&A") is intended to supplement the Company's audited financial statements and related notes for the year ended December 31, 2014. This report is as at ***April 24, 2015****.*

All monetary amounts are in US dollars unless otherwise specified.

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

INTRODUCTION

The MD&A has been prepared by management and reviewed and approved for distribution by the Board of Directors on April 24, 2015. The following discussion of performance, financial condition and future prospects should be read in conjunction with the audited financial statements for the years ended December 31, 2014 and 2013. The information provided herein supplements but does not form part of the financial statements.

FORWARD LOOKING STATEMENTS

Certain information contained in this MD&A constitutes "forward-looking information" within the meaning of applicable securities laws concerning the business, operations and financial performance and condition of the Company. Generally, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "expects", "does not expect", "is expected", "is likely", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", "does not anticipate", "continue", "may", "will", "should", "believes" and similar expressions. Forward-looking information is based on the opinions and estimates of management as of the date such information is disclosed, and it is subject to known and unknown risks, uncertainties and other factors that may cause actual results, events, level of activity, performance or achievements to differ materially from those expressed or implied in such forward-looking information. The Company believes that the expectations reflected in this forward-looking information are reasonable but no assurance can be given that these expectations will prove to be correct, and such forward-looking information included in this MD&A should not be unduly relied upon. This information speaks only as of the date of this MD&A. In particular, this MD&A contains forward-looking information pertaining to the following:

- *potential receipt of regulatory approvals, permits and licenses and treatment under governmental regulatory regimes;*
- *the estimates of the Company's mineral resources;*
- *anticipated capital expenditures, production rates and costs, mine life and valuations contained in the PEA (as defined below);*
- *expectations of market prices and costs; and*
- *exploration, development and expansion plans and objectives.*

The Company's actual results could differ materially from those anticipated in this forward-looking information, specifically the PEA as a result of the following:

- *failure to lift the moratorium on uranium mining in Virginia;*
- *delays in obtaining permits and licenses for the Coles Hill project;*
- *declines in the market price of uranium;*
- *poor capital market conditions for TSX Venture junior mining companies;*
- *inability of the Company to raise sufficient funding to advance the Coles Hill project notwithstanding improving financial market conditions;*
- *low market prices of the Company's securities;*
- *failure to accurately estimate mineral resources, production rates and operating costs;*
- *geological, technical and processing problems;*
- *cost overruns in capital investment to construct the Coles Hill project;*
- *failure to obtain industry partner, government and other third party consents and approvals, when required;*
- *public resistance to nuclear energy or uranium mining;*
- *actions taken by regulatory authorities with respect to mining activities, including regulations that materially impact the ability of the Company to achieve production that is materially in accordance with the PEA; and*
- *other factors discussed under "Risk Factors" in this MD&A.*

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

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

THE COMPANY

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

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

HIGHLIGHTS AND OVERALL PERFORMANCE

The following events occurred in the year ended December 31, 2014 and up to the date of this report:

- The Company continues to take a prudent approach with expenditures and has significantly reduced its monthly cash outlays, a process that began in February of this year to preserve cash and will continue until such time as there is political will to support the writing of legislation for mining uranium in Virginia that will allow the Company to proceed with its exploration and development plans.

- The Company is pursuing legal options that may provide relief to the ongoing delays that the Company has and will endure due to the Commonwealth of Virginia's failure to follow through with the development of mining regulations.

- The Company monetized its portfolio holdings in Energy Fuels Inc. for cash proceeds of $2.5 million in the year ended December 31, 2014.

COLES HILL URANIUM DEPOSIT

Virginia Energy's most important asset is the 100% interest in the Coles Hill deposit in southern Virginia, USA, which is the largest undeveloped uranium deposit 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.

The Coles Hill project is the subject of a National Instrument 43-101 Updated Preliminary Economic Analysis Update (Revised) by Lyntek Inc. and BRS Inc., ("NI 43-101" or the "Technical Report" or the "PEA") that contained an updated PEA and resource calculation. The report, effective June 30, 2012, was revised and restated August 19, 2013 and is available on SEDAR and at www.sedar.com and on the Company's website at http://www.virginiaenergyresources.com. According to the NI 43-101 Technical Report, resources are estimated as follows:

TOTAL INDICATED MINERAL RESOURCES

Total North and South Coles Hill				
Category	**Cutoff**	**Long Tons (million)**	**wt %eU_3O_8**	**lbs (million)**
Indicated	0.025	119.59	0.056	132.93

TOTAL INFERRED MINERAL RESOURCES

Total North and South Coles Hill				
Category	**Cutoff**	**Long Tons (million)**	**wt %eU_3O_8**	**lbs (million)**
Inferred	0.025	36.28	0.042	30.41

Reference: NI 43-101 Preliminary Economic Assessment Update (Revised) of Coles Hill Uranium Property, effective June 30, 2012, and dated August 19, 2013 by Lyntek Inc. and BRS Engineering.

It should be noted that mineral resources are not mineral reserves and do not have demonstrated economic viability.

The PEA indicates the project has the potential for attractive economics based on an assumed U_3O_8 price of $64 per lb. as summarized below:

- Initial production of 2 million lbs per year and a 35 year mine life;
- Underground mining of 3,000 tonnes per day, to extract 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%
- Capital cost of $147 million prior to construction, including a 25% contingency;
- Cash cost of $30.72 per lb. U_3O_8 for the first ten years of production;
- Net Present Value of $427 million at a discount rate of 7%;
- IRR of 36.3% based on a uranium price of $64 per lb. U_3O_8
- A change in the price of uranium of $5.00 per lb results in a potential change in the project NPV of $110.0 million

In terms of project risks, the updated PEA noted the following:

> *"The technical risks related to the project are low as the mining and recovery methods are proven. The mining methods recommended have been employed successfully at similar projects in the past. The mineral processing methods employed are typical of those used in the industry for decades and are supported by metallurgical tests done to date and are available.*
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> *Primary risks related to permitting are rescinding the moratorium to allow mining in Virginia and gaining the confidence of the local community that the mining and milling can be safely conducted to protect human health and the environment. The remainder of the permitting issues is tied to obtaining the necessary permits to operate the mine and mill.*
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> *The authors are not aware of any other specific risks or uncertainties that might significantly affect the mineral resource estimates or the consequent economic analysis.*
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> *Estimation of costs and uranium price for the purposes of the economic analysis over the life of mine is by its nature forward-looking and subject to various risks and uncertainties. No forward-looking statement can be guaranteed and actual future results may vary materially."*

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

The deposit was initially explored between 1980 and 1982, when Marline and Union Carbide drilled 210 holes (190,000 feet) to define the deposits. Between 1982 and 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 5,000-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 and potential to improve the project economics.

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. An NI43-101 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 permitting risk related to the current moratorium on uranium mining.

In January 2012, the Virginia Governor, at the time, announced his decision to create an interagency task force to analyze the state's ability to adopt and enforce uranium mine regulations. The governor's decision was an important milestone toward advancing a regulatory framework that could potentially enable the construction and operation of one of the safest uranium mines in the world at the Coles Hill site.

Legislation to lift the moratorium on uranium mining in Virginia was scheduled for debate in the Virginia State Legislature during the 2013 winter session. The Company believed that the necessary votes existed in the State House of Delegates to pass such a bill. However, due to a shortfall of votes in the Virginia State Senate, legislation to lift the moratorium was withdrawn by its chief patron, Senator John Watkins in February 2013 prior to debate. Senator Watkins had planned to re-introduce uranium legislation during the winter 2014 General Assembly session but the election of a Democrat as Governor (Terry McAuliffe) and the public announcement by the new Governor that he would veto any pro-uranium legislation means that any such bill would fail to become law. In Virginia, Governors cannot run for a second consecutive term. Thus the Company is hopeful that the next Governor elect will support policies that are more favorable toward the mining industry. The Company is currently evaluating its options and has implemented a substantial reduction in its operating budget.

EXPLORATION PROPERTIES

OTISH MOUNTAINS, QUEBEC PROJECTS

Pursuant to the Plan of Arrangement which concluded on September 27, 2012, Anthem Resources Incorporated ("Anthem") transferred the Otish Mountain property interest and CAD $400,000 (US$406,840) cash to Virginia Energy in return for a CAD $3,900,000 (US$3,966,690) Note Payable to Anthem. The Note Payable is translated at the rate of exchange at the date of the financial statements and as at the year ended December 31, 2014 is $3,592,827.

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 ("BAPE") was given a mandate to complete this study and submit a report no later than May 20, 2015 to the Minister of Sustainable Development, Environment and the Fight Against Climate Change, who will then have 60 days to make the report public. In the meantime, the Government says that no certificate of authorization will be issued for the exploration or development of uranium in Quebec until the study is completed. Further exploration on the Company's Otish Mountain uranium project will remain on care and maintenance while the Quebec government undertakes this evaluation. The Company is confident that this study will show that uranium exploration and mining can be done safely and in a way that protects the environment, as has been demonstrated by decades of uranium mining experience in Saskatchewan, and similar recent studies around the world.

The Company recognized an impairment loss in 2013 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's application to the Quebec government for relief of annual renewal fees and work commitments due last summer in 2013 on the Otish mineral properties was denied. The Company made the required payments of $100,038 in lieu of work and renewal fees.

On January 9, 2015, the Company transferred ownership of Otish Minerals Ltd., whose primary asset is the Otish property in central Quebec, back to Anthem in return for cancellation of its indebtedness to Anthem of $3,592,827 (CAD $3.9 million and accrued interest).

CHANGE IN FOREIGN EXCHANGE CLASIFICATION

The Company has recasted comparative information as at December 31, 2013 to present the foreign exchange gains on its Note Payable to Anthem Resources Incorporated ("Anthem") as part of net loss, rather than within other comprehensive income to more appropriately reflect the foreign exchange fluctuations on a Canadian Dollar denominated liability in a company with a United States Dollar functional currency. The Note Payable arose as part of an arrangement on September 27, 2012 with Anthem.

The impact of the reclassification on the Company's previously reported results was determined to be immaterial and therefore the comparative information has been recast as summarized in the table below:

Statement of Financial Position		**As at December 31, 2013**		**Adjustment**		**Recasted at December 31, 2013**
Accumulated other comprehensive income	$	298,813	$	(241,153)	$	57,660
Deficit		(28,200,102)		241,153		(27,958,949)
Statement of Loss and Comprehensive Loss						
Foreign exchange	$	(131,513)	$	241,153	$	109,640
Net Loss		(8,698,763)		241,153		(8,457,610)
Financial currency translation reserve	$	241,153	$	(241,153)	$	-
Other comprehensive income (loss)		(589,109)		(241,153)		(830,262)

SELECTED ANNUAL INFORMATION

The following table sets forth selected annual information from the audited consolidated financial statements for the years ended December 31, 2014, 2013 and 2012:

Year ended		2014		2013		2012
Net loss and comprehensive loss	$	(386,614)	$ [1]	(9,287,872)	$ [2]	(7,244,004)
Net loss per share	$	(0.01)	$	(0.16)	$	(0.48)
Total assets [3]	$	26,509,232	$	27,179,077	$ [3]	28,278,742
Non-current financial liabilities	$	3,592,827		3,805,414	[3]	3,950,498
Cash dividends paid		Nil		Nil		Nil

(1) Includes $3,517,816 impairment of Otish

(2) includes $6,016,459 loss realized on previously held interest to reflect the Plan of Arrangement concluded on September 27, 2012 that acquired all the common shares of VA Uranium Holdings Inc.;

(3) includes $24,063,790 in net assets with the acquisition of the common shares of VA Uranium Holdings Inc. and Note payable to Anthem Resources Incorporated for the Otish Mountains Property;

DISCUSSION OF OPERATIONS

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

Summary of Quarterly Results

The following table reports selected financial information of the Company for the past eight quarters and has been restated in the quarters ended December 31 2014 and 2013.

Quarter ended		31-Dec-14		30-Sep-14		30-Jun-14		31-Mar-14
Revenue [1]	$	-	$	-	$	-	$	-
Net loss	$	(590,818)	$	(142,151)	$	(303,750)	$	(180,157)
Gain (loss) per share	$	(0.01)	$	(0.00)	$	(0.01)	$	(0.00)
Quarter ended		**31-Dec-13**		**30-Sep-13**		**30-Sep-13**		**30-Jun-13**
Capitalized property acquisition and (impairment) of exploration costs	$		$		$	-	$	(3,517,816)
Revenue [1]	$	-	$	-	$	-	$	-
Net loss	$	(580,721)	$	(1,022,316)	$	(1,653,034)	$	(5,201,539)
Loss per share	$	(0.01)	$	(0.03)	$	(0.03)	$	(0.10)

(1) the Company is in the exploration stage and has no revenue;
(2) includes a write-down of the Otish properties of $3,517,816;

Loss for the fourth quarter

A loss of $590,818 was recorded for the three months ended December 31, 2014 compared to the loss of $580,721 recorded in the prior year for the same quarter were both recast for foreign exchange differences. The current quarter reflects significant reductions of operation costs which came into effect February 1, 2014. Compensation and benefits expenses of $145,245, professional fees of $49,425, technical expenses of $25,196 and general and administration costs of $59,658 comprised of rent, travel and office expenses were incurred in the quarter.

Loss for the year ended December 31, 2014

The Company's net loss for the year ended December 31, 2014 was less than the year ended December 31, 2013 partially due to the decision in 2013 to impair the Otish Mountain property for $3,517,816. The Company reduced its operating costs significantly in the 2014 year. Compensation and benefits, public relations, professional fees, technical expense and general and administrative costs were all lower in 2014 than the prior year, due to the lower level of activity, specifically professional fees of $261,594 compared to $1,879,347 incurred in the prior year consisting primarily of advisory fees, legal and audit fees, accounting and consulting fees. There have been reductions in staff in the 2014 year accounting for the lower costs of compensation and benefits of $524,648 ($965,956 – 2013) and of general administration costs of $297,835 ($821,297 – 2013). In the prior year, the Company recorded $480,577 of share based compensation expense on 3,029,700 options awarded on April 30, 2013, of which 2,992,200 vested immediately. The remaining 37,500 options vested in 2014 expensing $1,817 in accordance with exchange regulations for options awarded for investor relations services.

The Company had a net loss for the year of $1,216,876 ($8,457,610 – 2013).

Liquidity and Financial Resources

At December 31, 2014, the Company had working capital of $2,322,410 as compared to working capital of $2,900,262 for the prior year representing a decrease in working capital of $577,852. Net cash and cash equivalents increased by $1,009,089 from $1,141,230 at December 31, 2013 to $2,150,319 at December 31, 2014. In the year ended December 31, 2014, the Company divested its marketable securities holdings comprised of Energy Fuels' shares acquired from a private placement entered into in the prior year from $1,738,058 at December 31, 2013 to $nil at December 31, 2014.

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 have been adjusted accordingly. The Company continues to take a prudent approach to its expenditures to preserve cash and has significantly reduced its monthly cash outlays following various rational measures.

Cash flows for the year ended December 31, 2014

During the year ended December 31, 2014, the Company used $1,492,294 cash in operating activities as compared to $5,722,295 in the year ended December 31, 2013.

The Company had net proceeds of $2,501,383 from the sale of Energy Fuel shares acquired from the private placement entered into in the prior year.

OFF-BALANCE SHEET ARRANGEMENTS

There are no off-balance sheet arrangements.

PROPOSED TRANSACTIONS

There are no proposed transactions.

RELATED PARTY TRANSACTIONS

Due from related parties consists of $208,570 due from Anthem and $25,296 from Skeena Resources Ltd. ("Skeena") for reimbursement of certain operating expenses. The Company and Anthem and Skeena have common officers.

Note payable to related party consists of a Note Payable to Anthem of $3,592,827 ($3,900,000 CAD and accumulated interest) exchanged in the acquisition of the Otish property. The Note Payable 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 Note Payable in the amount of $228,153. The Note Payable is secured by the shares of Otish Minerals Ltd., which holds title to the Otish mineral claims. The Company agreed to transfer the Otish Minerals Ltd. shares and the claims to Anthem in full satisfaction of the Note Payable. The transaction occurred subsequent to the year ended December 31, 2014.

An officer and director of the Company were paid $23,771 (2013 - $108,333) for legal services provided to the Company.

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, 2014 and 2013 are as follows:

Salaries and consulting fees	**2014**	**2013**
Officers	$ 280,884	$ 389,273
Directors	$ 23,771	$ 35,000

Share-based compensation expense	**2014**	**2013**
Officers	$ -	$ 71,277
Directors	$ -	$ 225,090

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Related party transactions are measured in the normal course of business at the exchange amount as agreed by the parties.

CRITICAL ACCOUNTING ESTIMATES

Significant Accounting Estimates and Judgments

The preparation of the Company's consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and may affect both the period of revision and future periods.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the statement of financial position date that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to the recoverable amount of mineral property interests;

RECENT ACCOUNTING PRONOUNCEMENTS

Certain pronouncements were issued by the IASB or the International Financial Reporting Interpretations Committee ("IFRIC") that are mandatory for accounting periods after December 31, 2013. Pronouncements that are not applicable to the Company have been excluded from those described below. The following new standards have been adopted effective January 1, 2014:

i) IAS 32 Financial Instruments: Presentation has been amended to clarify when an entity has a legally enforceable right to off-set financial assets and liabilities if that right is not contingent on a future event and it is enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all counterparties. The adoption of this amendment has no significant impact on the Company's financial statements.

The following new standards, and amendments to standards and interpretations, were not yet effective for the year ended December 31, 2014, and have not been applied in preparing these consolidated financial statements.

ACCOUNTING STANDARDS ISSUED AND EFFECTIVE JANUARY 1, 2018

A finalized version of IFRS 9, which contains accounting requirements for financial instruments, replaces IAS 39 Financial Instruments: Recognition and Measurement. The standard contains requirements in classification and measurement, impairment of financial assets, hedge accounting and derecognition of financial assets and liabilities carried forward from IAS 39. The Company is in the process of determining the impact of IFRS 9 on its financial statements.

DISCLOSURE OF INTERNAL CONTROLS

Management has established processes to provide sufficient knowledge to support representations that it has exercised reasonable diligence that (i) the consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the consolidated financial statements, and (ii) the financial statements fairly present in all material respects the financial condition, results of operations and cash flow of the Company, as of the date of and for the periods presented.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure co0ntrols and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined NI 562-109. In particular, the certifying officers filing this certificate are not making any representations relating to the establishment and maintenance of:

(i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

(ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with the issuer's GAAP.

The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in the certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

FINANCIAL INSTRUMENTS

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

Fair Value Risk

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 of their reported US dollar equivalent.

Canadian dollar accounts	**December 31, 2014**	**December 31, 2013**
Cash and cash equivalents	$ 1,811,455	$ 954,306
Commodity taxes receivable	3,061	4,677
Marketable securities	-	1,847,954
Accounts payable and accrued expenses	(92,285)	(220,818)
Note payable to related party –see Note 14	(4,164,452)	(4,047,452)
	$ (2,442,221)	$ (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.

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. Accounts receivable consist of amounts due from related parties and commodity taxes primarily of goods and services tax due from the Federal Government of Canada and The maximum exposure to credit risk is limited to amounts shown on the balance sheet at December 31, 2014

RISK FACTORS

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

The Virginia Code of 1950 was amended in 1982 such that no application for uranium mining shall be accepted by any agency of the Commonwealth of Virginia until a program for permitting the mining of uranium is established by statute. Before mining development activities at the Coles Hill project can proceed, the Virginia General Assembly must enact legislation authorizing and establishing a permitting program.

On November 5, 2013, Terry McAuliffe, was elected to be Virginia's next Governor. Within days following the election, the Governor-Elect announced his intention to veto any pro-uranium mining legislation that might come out of the next legislative session in Virginia. Therefore, the Company has decided not to support the introduction of new uranium mining legislation in January 2014. As a result of the Governor-Elect's statement, the possibility of lifting the uranium mining moratorium will be significant challenge during the entirety of his four year tenure as Governor of Virginia. The Company is currently evaluating its options for the interim period and implemented a substantial reduction in its operating budget.

Assuming such legislation is eventually passed to, in effect lift the moratorium on uranium mining, it would then be necessary for the Virginia Department of Mines Minerals and Energy (the "DMME"), which regulates mining in Virginia, to adopt the permitting regulations in accordance with the Virginia Administrative Process Act (the "VAPA"). Under the VAPA, new regulations are subject to a comment and review process that may include one or more public hearings.

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

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

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

Uncertainty of Funding

The exploration, permitting and development of the Coles Hill project requires a substantial amount of capital and greatly depends on the Company's ability to obtain funding through equity financings, joint ventures, or other means. Poor capital market conditions for junior mining companies and volatile uranium markets may make it difficult to secure financing necessary to maintain the viability of the Company. While the Company did complete a financing in January 2013, there is no assurance that the Company will be successful in obtaining future financing as needed or on acceptable terms.

Environmental Groups Oppose Uranium Mining in Virginia

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

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

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

No History of Uranium Mining Operations in Virginia

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

Public Acceptance of Nuclear Energy and Competition from Other Energy Sources

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

Technical Innovation and Obsolescence

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

Nature of Exploration and Development

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

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

Global Economic Downturn

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

These factors may impact the Company's ability to obtain financing on terms commercially reasonable to the Company, or at all. If these increased levels of volatility and market turmoil continue, the Company's operations could be adversely impacted and the trading price of the Company's securities could continue to be adversely affected.

Market Price of Common Shares

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

Dilution From Further Equity Financing

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

Governmental Regulation and Policy Risks

Exploration, development, mining and milling of minerals and the transportation and handling of the products produced are subject to extensive federal, state and local laws and regulations governing, among other things, acquisition of the mining interests, maintenance of claims, tenure, expropriation, prospecting, exploration, development, mining, milling and production, price controls, exports, imports, taxes and royalties, labor standards, occupational health, waste disposal, toxic substances, water use, land use, , environmental protection and remediation, endangered and protected species, mine and mill decommissioning and reclamation, mine safety, transportation safety and emergency response and other matters. Compliance with such laws and regulations has increased/will increase the costs of exploring, drilling, developing, constructing, operating and closing the Company's mines and processing facilities. It is possible that, in the future, the costs, delays and other effects associated with such laws and regulations may impact the Company's decision as to whether to proceed with exploration or development, or that such laws and regulations may result in the Company incurring significant costs to remediate or decommission properties that do not comply with applicable environmental standards at such time. The Company expends significant financial and managerial resources to comply with such laws and regulations. The Company anticipates it will have to continue to do so as the historic trend toward stricter government regulation may continue. There can be no assurance that future changes in applicable laws and regulations will not adversely affect the operations or financial condition of the Company. New laws and regulations, amendments to existing laws and regulations or more stringent implementation of existing laws and regulations, including through stricter license and permit conditions, could have a material adverse impact on the Company, increase costs, cause a reduction in levels of, or suspension of and/or delay or prevent the development of new mining properties. A number of elected state political positions, including the governor, were filled by new people in the November 2013 elections. There is a risk that moratoriums on mining in Virginia will not be lifted soon or at all.

Litigation

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

Dependence on Key Personnel and Qualified and Experienced Employees

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

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

Conflicts of interest

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

OTHER MANAGEMENT'S DISCUSSION AND ANALYSIS

Capital Stock as at April 24, 2015:

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

Issued:
57,230,614 common shares, of which 1,815,183 common shares held by certain insiders after a release of 1,762,442 on March 13, 2015, remain escrowed to be released in scheduled tranches pursuant to an Escrow Agreement dated September 27, 2012.

Stock Options:

Number	Exercise Price	Date of Expiry
	(CAD$)	
365,000	$1.59	November 11, 2015
10,000	$2.80	February 15, 2016
3,029,700	$0.42	April 29, 2018
3,404,700	[3,404,700 exercisable]	

Fully diluted:
60,635,314 common shares

Directors

Walter Coles, Sr., *Chatham*, *Virginia*
Norm Reynolds, *Chatham, Virginia*
Neal Keesee, *Chatham, Virginia*
Harold Roberts, *Englewood, Colorado*

Officers

Walter Coles, Sr., *President & CEO*
Walter Coles, Jr., *Executive Vice President of Corporate Development*
Karen A. Allan, CPA, CMA, *CFO*
Neal Keesee, *Corp. Secretary*

Auditors KPMG LLP

Legal Counsel Cassels Brock