



## Corporate Update on Virginia Energy Resources and Virginia Uranium

December 6, 2016

The following brief report is an update on the status of Virginia Energy Resources Inc., a publicly traded company on the Toronto Venture Exchange, traded under the symbol VUI. Virginia Uranium is a wholly owned subsidiary of Virginia Energy Resources and serves as the local and US face of the company. Information is taken primarily from the public filings of Virginia Energy Resources as found on the public registry [www.sedar.com](http://www.sedar.com). Table 1 lists the filings that were posted since our last report in June 2016.

**Table 1. Public Filings from VERI since June 2016**

Document	Date
Interim Financial Statement to June 30, 2016	Aug 19
Management Discussion and Analysis to June 30, 2016	Aug 19
Management Circular / Notice of Annual General Meeting of Shareholders	Oct 24
Interim Financial Statement to Sept 30, 2016	Nov 18
Management Discussion and Analysis to Sept 30, 2016	Nov 18

### News Releases and Activities as Reported in Management Discussion and Analysis Reports

The websites of Virginia Energy Resources and Virginia Uranium, public filings of Virginia Energy Resources, and the Google, Yahoo Finance, and Bloomberg sites were searched for recent press releases. It appears that no releases have been made since our last report, i.e. nothing at all has been released in 2016, despite the fact that the company was in court trying to advance its lawsuit. The August Q2 and November Q3 Management Discussion and Analysis (MD&As) do not include any new information about the company's activities. They state the same information previously reported about reducing expenditures and the filing of the lawsuits.

### Financial Position

The company states its total assets as of September 30, 2016 as being \$25-million; however, \$24 million of that is their valuation of the mineral properties. There is less than a million in hard assets.

In the last two quarters VERI has not had any substantial new financing and continues to operate at a substantial loss each quarter. For the nine months ending September 30 the company's expenses totaled \$467,138 and income was \$101,306 (\$35,093 from sale of timber rights and \$66,213 in foreign exchange income) for an operating loss of \$365,832.<sup>1</sup> As the company's cash assets decline, so too will its potential

<sup>1</sup> Condensed Consolidated Interim Financial Statements for the Nine Months Ended September 30, 2016 and 2015.

to earn foreign exchange income, which also depends on exchange rates favourable to the company. This will accelerate the losses and eventual depletion of existing assets within the next year to year and a half assuming there are now new revenues.

### Share Price and Share Holders

Since our last update Virginia Energy Resources shares continued to trade at or below \$0.05 (CAN) with the exception of a short-lived increase to \$0.07 on November 30.

**Figure 1. Share price for VERI Dec. 2015 to Dec 2016<sup>2</sup>**



The distribution of the shares continues to be highly concentrated with Walter Cole Sr. holding almost 20% through the Coles Hill Company, and Energy Fuels and Sprott Resources holding 16.5% each.

**Table 2. Shareholders with more than 10% of voting shares.<sup>3</sup>**

Name	Number of Shares	Percentage
Coles Hill, LLC (Controlled by Walter Coles, Sr.)	11,204,945	19.6%
Energy Fuels Inc	9,439,857	16.5%
Sprott Resource Corp	9,444,815	16.5%

### Legal Expenditures

The Management Discussion and Analysis reports from the company disclose the amount of money spent on technical service fees, the vast majority of which, in this company's case, are legal fees. The company's substantial investment in legal fees were directed towards "the lawsuit against the Commonwealth of Virginia for its refusal to develop uranium mining regulations and a lawsuit in the Circuit Court of Wise County seeking injunctive relief overriding the ban on mining in a takings claim"<sup>4</sup>. Payment of legal fees over the last two years peaked in the first quarter of 2016 but have decreased substantially in the last two quarters and were only \$39,072 in the third quarter of this year. Legal fees in Q4 of this year may well rise again as the company was back in court attempting to move forward its second lawsuit<sup>5</sup>.

<sup>2</sup> Google Finance, accessed December 6, 2016

<sup>3</sup> Management Circular / Notice of Annual General Meeting of Shareholders, October 24, 2016

<sup>4</sup> Management Discussion and Analysis for year ending December 31, 2015

<sup>5</sup> T. Metcalfe, Oct 7 2016. Lawyers dig deep into property rights in second uranium lawsuit.

[http://www.godanriver.com/news/pittsylvania\\_county/lawyers-dig-deep-into-property-rights-in-second-uranium-lawsuit/article\\_3080ef4e-8cd3-11e6-a190-130ec68875db.html](http://www.godanriver.com/news/pittsylvania_county/lawyers-dig-deep-into-property-rights-in-second-uranium-lawsuit/article_3080ef4e-8cd3-11e6-a190-130ec68875db.html)

**Table 3. Reported Legal Expenses for 2015 and 2016**

Year	Quarter	Reported Legal Expenses
2015	1	\$10,768
	2	\$64,064
	3	\$118,759
	4	\$81,405
	<b>Total</b>	<b>\$274,996</b>
2016	1	\$132,598
	2	\$53,201
	3	\$39,072
	<b>Total</b>	<b>\$224,871</b>

**Summary of Findings**

The company continues to operate with substantial losses, largely due to their legal fees and the basic costs of maintaining accompany in good standing with the securities regulators in Canada. With the lawsuit proceeding in Wise County, the legal fees are likely to be higher in Q4 of this year than they were the previous two quarters. With less than a million in hard assets and an operating loss in 2016 that is likely to approach if not exceed \$500,000, the company's longevity continues to be in serious doubt without new financing.