



Toronto Venture Exchange  
Symbol: VAE

September 2011

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The historic resource estimates quoted herein are based on information provided by third party sources and have not been verified by the Company. The work necessary to have the classification of the mineral resource estimates verified by a "qualified person" under National Instrument 43-101 ("NI 43-101") has not been done. Therefore, Virginia Energy Resources is not treating the mineral resource estimates as NI 43-101 defined resources. Virginia Energy Resources has no reason to believe that the estimates are unreliable and, while Virginia Energy Resources believes that the estimates are relevant, they should not be relied upon.

## Cautionary Note to U.S. Investors Regarding Mineral Resources:

The US Securities & Exchange Commission ("SEC") allows mining companies, in their filings with the SEC, to disclose only those mineral deposits they can economically and legally extract or produce. Certain terms in this document, such as "mineral resources", "measured resources" and "indicated mineral resources" are recognized and mandated by Canadian securities regulators but are not recognized by the SEC. U.S. investors are cautioned not to assume that any part or all of mineral deposits in these categories will ever be converted into mineral reserves.

# Investment Highlights

**Significant stake in one of the largest uranium deposits in the world**

**Very attractive demand characteristics for uranium**

**Positive future price trends for uranium**

**Opportunity to invest alongside sophisticated natural resource investors**

**Favorable Virginia government in place to lift moratorium**

**Reduce foreign nuclear energy dependence and stimulate local economy**

- Coles Hill deposit ranks 7<sup>th</sup> in size at 119 million pounds of uranium at a 0.06% grade.
- Deposit is already in advanced stage towards production with scoping study completed in September of 2010.
- Global demand for nuclear energy should continue to increase over the next 30 years. It is the only cost-effective solution for base load power that curtails the emissions of CO2 gas.
- Despite the events at Fukushima, the backlog of nuclear power plant construction projects continues to grow. China, India, Russia, and South Korea have reaffirmed their expansion plans.
- The spot price of uranium has increased from the \$40 per pound in the summer of 2010 to \$51 per pound in August 2011.
- Current long-term contract price is \$68 per pound, which reflects market expectation that supply availability will decrease in years ahead.
- Sprott Resource Corp. (TSX: SCP), a well-respected and savvy natural resource, acquired a 20% stake in the Coles Hill project in 2010.
- Lukas Lundin is also a significant shareholder. Denison Mines' s CEO is on the Board.
- Gov. McDonnell has put an emphasis on energy independence and the use of clean energy
- Virginia state legislators waiting for National Academy of Sciences study (due December 2011)
- Uranium from Coles Hill could help fuel Virginia' s nuclear energy needs for the next 35 years.
- The Coles Hill Deposit is expected to create 300-350 permanent jobs in Southside Virginia and will add approximately \$240-300 million of economic activity each year to the area.

# Corporate Structure

## Overview

- Virginia Energy (TSX-V: VAE) is focused on developing high-quality uranium deposits in North America
  - Recent share price: C\$0.17
  - \$17 million market capitalization
- Virginia Energy holds a 30% interest in VA Uranium Holdings, Inc. (“VAU”) which holds the Coles Hill uranium property, as well as various financing and M&A rights
  - Right of First Refusal on future financings
- Virginia Energy holds a portfolio of exploration assets in the Otish Mountains, Quebec, Labrador and the Athabasca Basin. Other assets of note include:
  - 7.5 million shares of stock in Golden Band Resources (TSX-V: GBN)
  - 37% stake in Boss Power Corp (TSX-V: BPU)

## Share Price Performance



## Share Capitalization

(as of Sept. 12, 2011)

|                                   | <b>Outstanding</b> |
|-----------------------------------|--------------------|
| Shares Outstanding                | 97,514,238         |
| Options Outstanding <sup>1</sup>  | 5,901,000          |
| Warrants Outstanding <sup>2</sup> | 11,217,920         |
| Fully-Diluted Shares              | 114,633,158        |
| Cash on hand                      | \$3.2 million      |
| Marketable Securities             | \$5.87 million     |
| Market Capitalization             | \$16 Million       |

1. Options have a range of exercise price from C\$0.37 to C\$7.50

2. Warrants have an exercise price range of C\$0.35 to C\$0.60

# Prominent Team of Supporters

Virginia Energy's Major Shareholders, Board of Directors and Executive Management Team consist of:

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## Executive Management Team

- Walter Coles Jr. – President and CEO & Director
- Karen Allan – Chief Financial Officer
- Mike Cathro – VP Exploration
- Tony Perri – Investor Relations Manager

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## Prominent Shareholders

- Sprott Asset Management
- Lukas Lundin
- Dundee Resource Ltd.
- Pine Tree Capital
- Cormark Securities

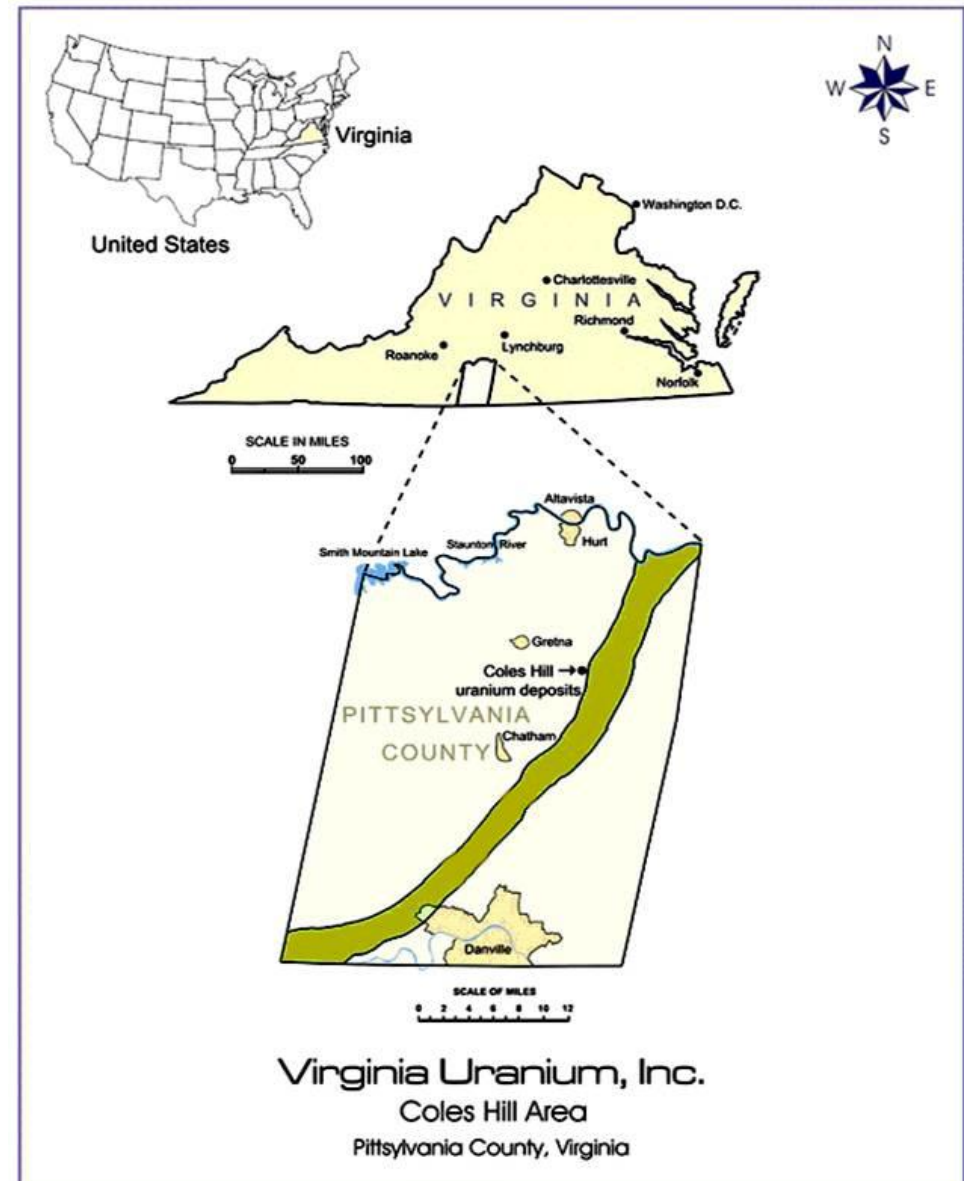
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## Board of Directors

- Walter Coles, Sr.
  - Represents Coles Hill landholder family
- Ron Netolitzky
  - Former President & CEO of Santoy
  - Prolific mining entrepreneur
- Ron Hochstein
  - President & CEO of Denison Mines
- Robert Matthews
  - President of Sheppards Building Materials Inc.
  - Director of several public companies
- Robert Ingram
  - President of Ingram & Company, a public accounting practice
- Peter Grosskopf
  - CEO Sprott Asset Management
- Norm Reynolds
  - Former President of Marline Uranium Corp.

- One of the largest undeveloped uranium deposits in the World
- 43-101 Compliant estimated measured and indicated resource of 119 million lbs  $U_3O_8$  in two adjacent ore bodies<sup>(1,2)</sup>
  - 0.06% average grade at 0.025% cut-off
- Scoping Study (PEA) completed in late 2010
  - Recommends all underground operation
  - \$173 million capex, 3,000 TPD alkaline mill
  - 35 year project life, 2 million lbs initial annual production
  - \$30/lb operating cost in first 10 years, \$36/lb average operating costs over life of project
- Large property position with area supportive of mine development
  - Total mineral rights and leases of 2,940 acres

1. Resource study prepared by Behre Dolbear and Company, Ltd., Marshall Miller and Associates, Inc., and PAC Geological Consulting Inc., June 30, 2008.
2. Based on 43-101 Technical Report prepared for Santoy Resources and Virginia Uranium Inc. by Behre Dolbear and Company, Ltd., Marshall Miller and Associates, Inc., and PAC Geological Consulting Inc., February 2, 2009 updated April 29, 2009



- A 43-101 compliant resource was completed in June 2008<sup>(1)</sup> and updated in February 2009 and April 2009<sup>(2)</sup>
  - Total resource of 119.0 million lbs U<sub>3</sub>O<sub>8</sub>

**Excerpt from Table 1.1**  
**Resource Estimates – June 4, 2008**  
**(Millions of Tons and Pounds In-Place)**

| Cutoff<br>%U <sub>3</sub> O <sub>8</sub>                   | Measured <sup>(3)</sup> |   |   | Indicated <sup>(3)</sup> |   |   | Total <sup>(3)</sup> |   |   |
|--|-------------------------|---|---|--------------------------|---|---|----------------------|---|---|
|  | Tons <sup>(4)</sup>     | %<br>U <sub>3</sub> O <sub>8</sub> <sup>(5)</sup> | Pounds<br>U <sub>3</sub> O <sub>8</sub> | Tons <sup>(4)</sup>      | %<br>U <sub>3</sub> O <sub>8</sub> <sup>(5)</sup> | Pounds<br>U <sub>3</sub> O <sub>8</sub> | Tons <sup>(4)</sup>  | %<br>U <sub>3</sub> O <sub>8</sub> <sup>(5)</sup> | Pounds<br>U <sub>3</sub> O <sub>8</sub> |
| <b>Project Total (South and North Coles Hill Deposits)</b> |                         |   |   |                          |   |   |                      |   |   |
| 0.100  | 0.755                   | 0.228   | 3.45                                    | 6.27                     | 0.215   | 26.9                                    | 7.03                 | 0.216   | 30.4                                    |
| 0.075  | 1.35                    | 0.164   | 4.44                                    | 24.0                     | 0.116   | 55.9                                    | 25.4                 | 0.119   | 60.4                                    |
| 0.050  | 2.28                    | 0.124   | 5.65                                    | 35.4                     | 0.101   | 71.7                                    | 37.7                 | 0.103   | 77.4                                    |
| 0.025  | 6.62                    | 0.064   | 8.42                                    | 92.1                     | 0.060   | 111                                     | 98.7                 | 0.060   | 119.0                                   |

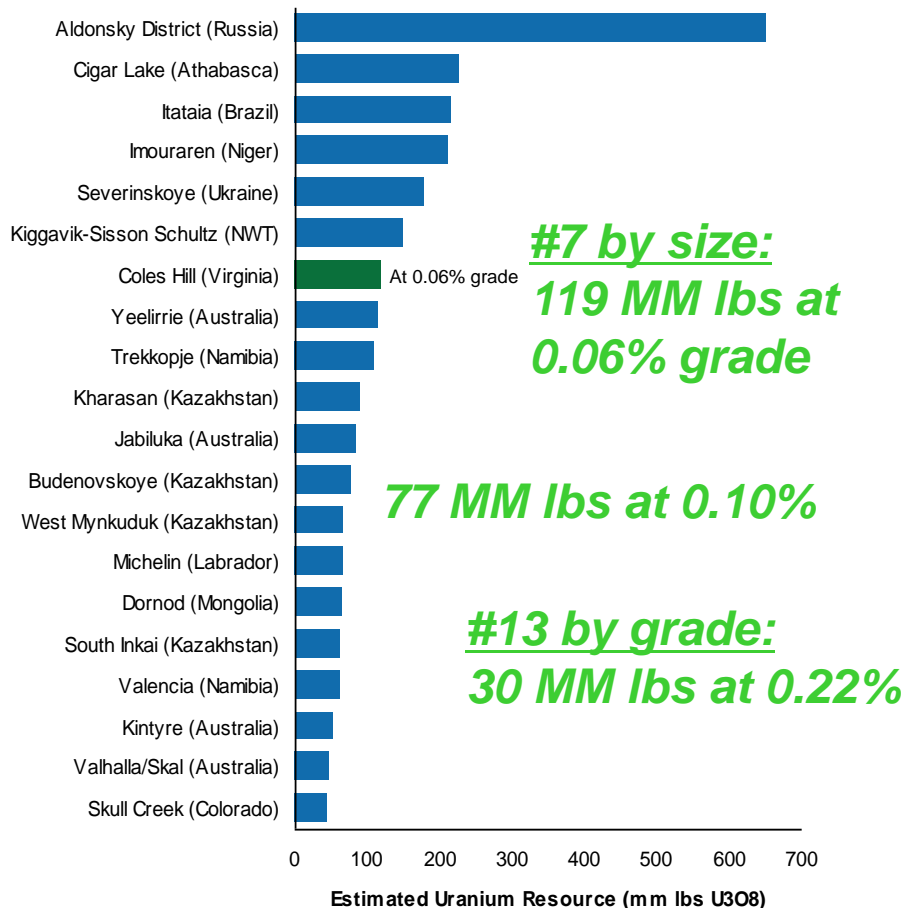
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3. Total tonnage above cutoff grade and average weight % U<sub>3</sub>O<sub>8</sub> of that tonnage
4. Short tons based on a rock density of 2.56 g/cc
5. Weight %

Note: Mineral resources which are not mineral reserves do not have demonstrated economic viability. The estimate of mineral resources may be materially affected by environmental, permitting, legal, marketing, or other relevant issues

# Top ten deposit in the world by size

- 43-101 Compliant resource
- Potential for resource expansion along strike and at depth
- Higher grade zones near surface provide for many development options

## Undeveloped Deposits by Size

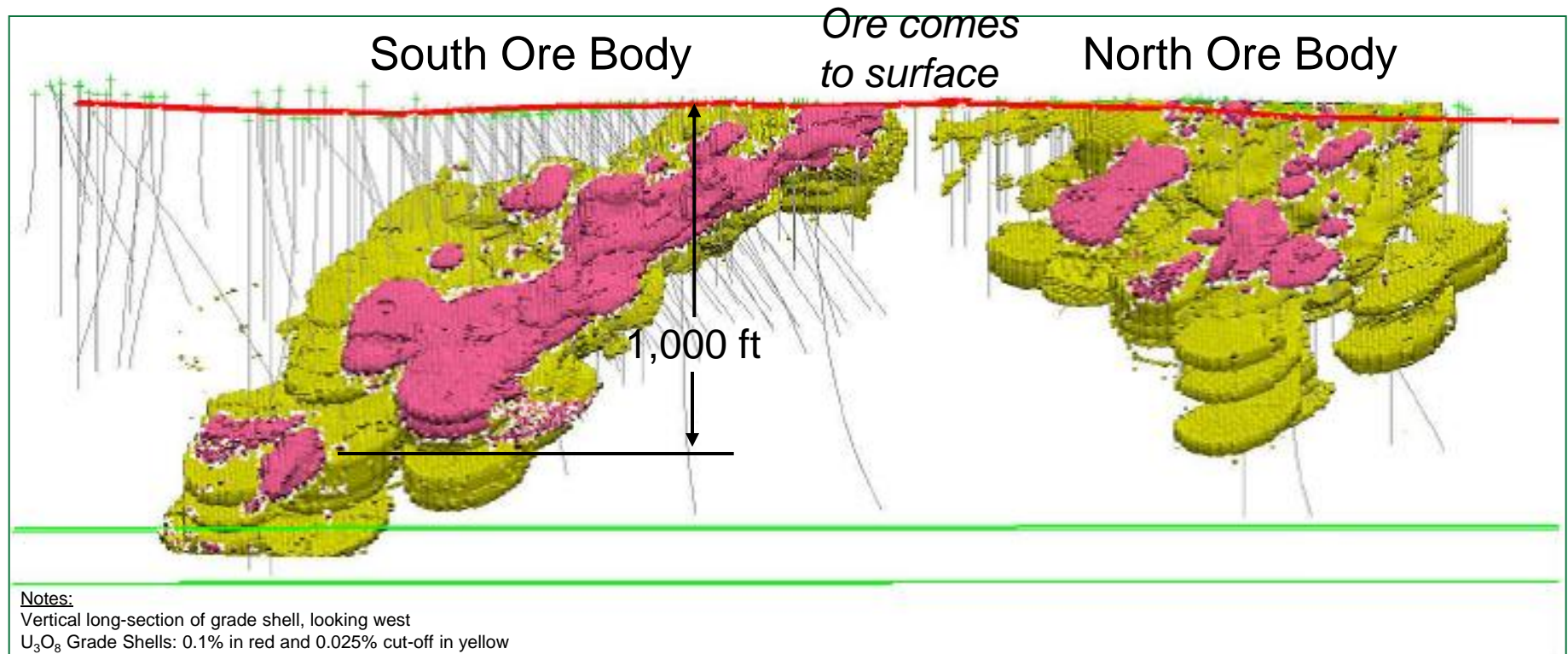


## High-Grade Undeveloped Deposits

| Deposit                      | Location    | Grade<br>% U3O8 | Mine<br>Method | Estimated<br>Resource<br>(mm lbs) |
|------------------------------|-------------|-----------------|----------------|-----------------------------------|
| Budenovskoye                 | Khazakhstan | n/a             | ISL            | 78                                |
| West Mynkuduk                | Khazakhstan | n/a             | ISL            | 68                                |
| Cigar Lake                   | Athabasca   | 20.67%          | UG             | 226                               |
| Millenium                    | Athabasca   | 3.77%           | OP             | 38                                |
| Shea Creek                   | Athabasca   | 2.15%           | UG             | 28                                |
| Midwest                      | Athabasca   | 2.00%           | OP             | 43                                |
| Jabiluka                     | Australia   | 0.52%           | OP             | 84                                |
| Four Mile West               | Australia   | 0.37%           | ISL            | 32                                |
| Skull Creek                  | Colorado    | 0.30%           | UG             | 44                                |
| Kiggavik-Sisson Schultz      | NWT         | 0.24%           | OP             | 148                               |
| Roca Honda                   | New Mexico  | 0.20%-0.23%     | UG             | 32                                |
| Kintyre                      | Australia   | 0.20%-0.40%     | OP             | 53                                |
| Coles Hill (high-grade core) | Virginia    | 0.22%           | OP/UG          | 30                                |

Source: Ux Consulting Company, LLC and Virginia Uranium

- Coles Hill has a high-grade core that could allow development flexibility depending on the uranium price environment
  - High grade core (in red) surrounded by lower grade halo



- 3,000 acres support various options for mill and tailings location

Scoping study was conducted by Lyntek Inc. and BRS Inc., two independent engineering consultants

- Lyntek evaluated the ore metallurgy and conducted processing evaluation of acid and alkaline leaching options to select the preferable processing design
- BRS was responsible for the mine design, as well as environmental and permitting considerations

| <b>Coles Hill Uranium Project - Forecast Annual Operating Expenses (US\$/LB)</b> |                |                 |                   |                 |
|--|----------------|-----------------|-------------------|-----------------|
| Production Period  | Annual Expense | 25% Contingency | Tax and Royalties | Total Operating |
| Years 1-10   | \$21.68        | \$5.42          | \$2.90            | \$30.01         |
| Years 11-20  | \$27.84        | \$6.96          | \$2.72            | \$37.52         |
| Years 21-35  | \$38.73        | \$9.68          | \$2.88            | \$51.30         |
| Life of Mine   | \$27.18        | \$6.80          | \$2.86            | \$36.83         |

- Recommended underground mine plan with 35 year project life
- \$173 million of up front capital investment with 2.5 year pay back period (includes 25% contingency)
- Annual projected revenue of \$140 million @ \$65/lb uranium selling price
- 250 temporary jobs during construction phase
- 325 permanent jobs once production begins with average salary of \$65,000

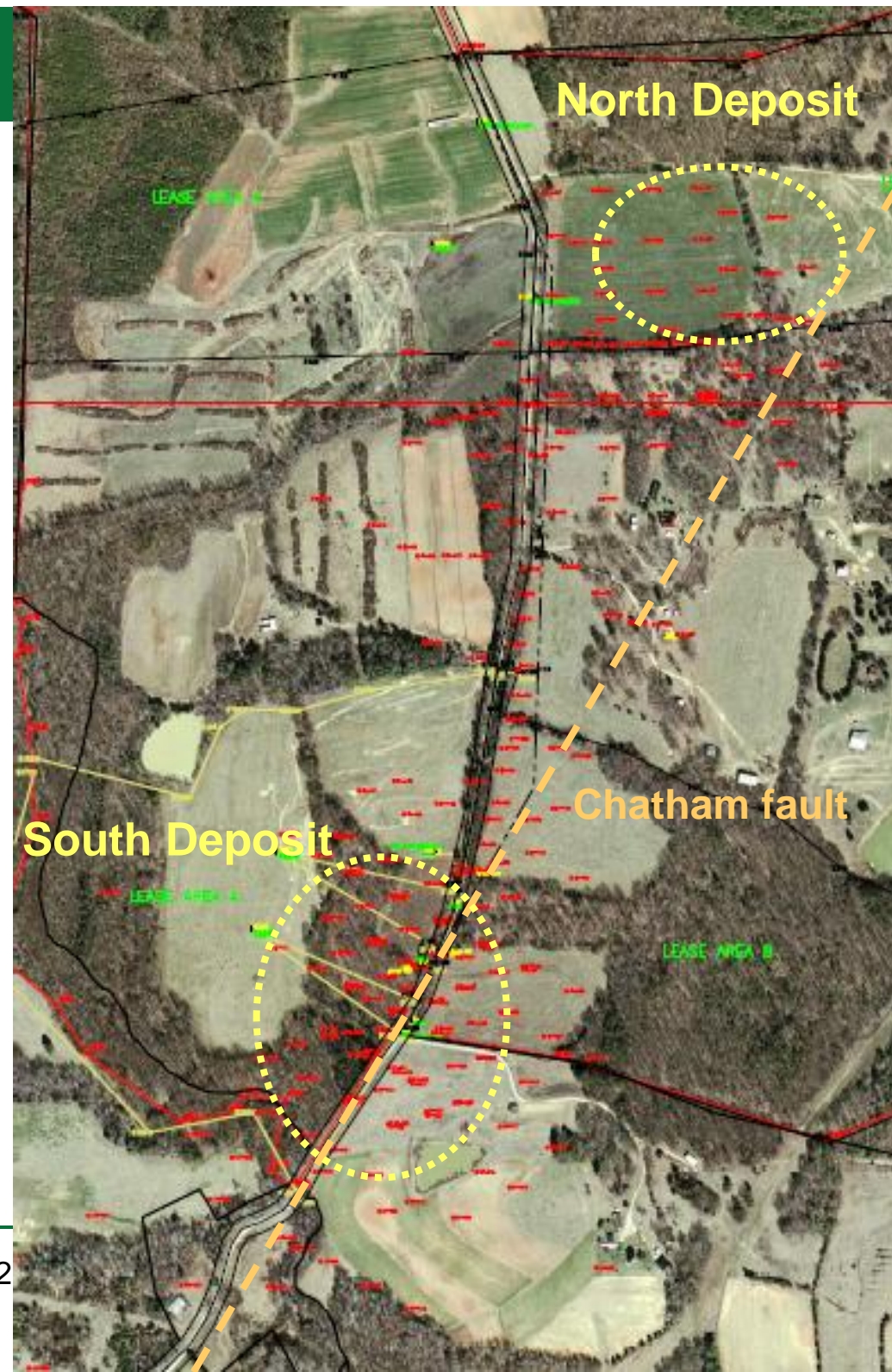
## Results From Preliminary Economic Assessment (cont.)

- At a uranium contract price of \$65/lb and using a discount rate of 7%, the NPV of the Coles Hill project is more than \$400 million
- Price sensitivity: a \$5 change in uranium selling prices impacts NPV by approximately \$95 million

| Coles Hill Uranium Project NPV Matrix (US\$ in thousands) |               |           |           |           |
|---|---------------|-----------|-----------|-----------|
|   | Discount Rate |           |           |           |
| Uranium Contract Price (US\$/LB)                          | 5%            | 7%        | 8%        | 10%       |
| \$55  | \$278,041     | \$213,962 | \$187,573 | \$143,560 |
| \$65  | \$511,797     | \$404,133 | \$360,549 | \$288,763 |
| \$75  | \$745,553     | \$594,304 | \$533,525 | \$433,966 |
| \$85  | \$979,308     | \$784,475 | \$706,501 | \$579,169 |

# Upside Potential

- Deposit Characteristics
  - Uranium discovered on fault line between Triassic basin and hard rock
  - Similar to Athabasca unconformity style deposits
  - Potential for resource expansion along strike, laterally and at depth
- Opportunities highlighted by the Scoping Study
  - Recommended all underground operation
  - Optimization of the ore block model for underground operation
  - Update metallurgical studies for possible increase in recovery rates
  - Initiate environmental baseline studies



# Five Years to Production

## Coles Hill Project Timeline

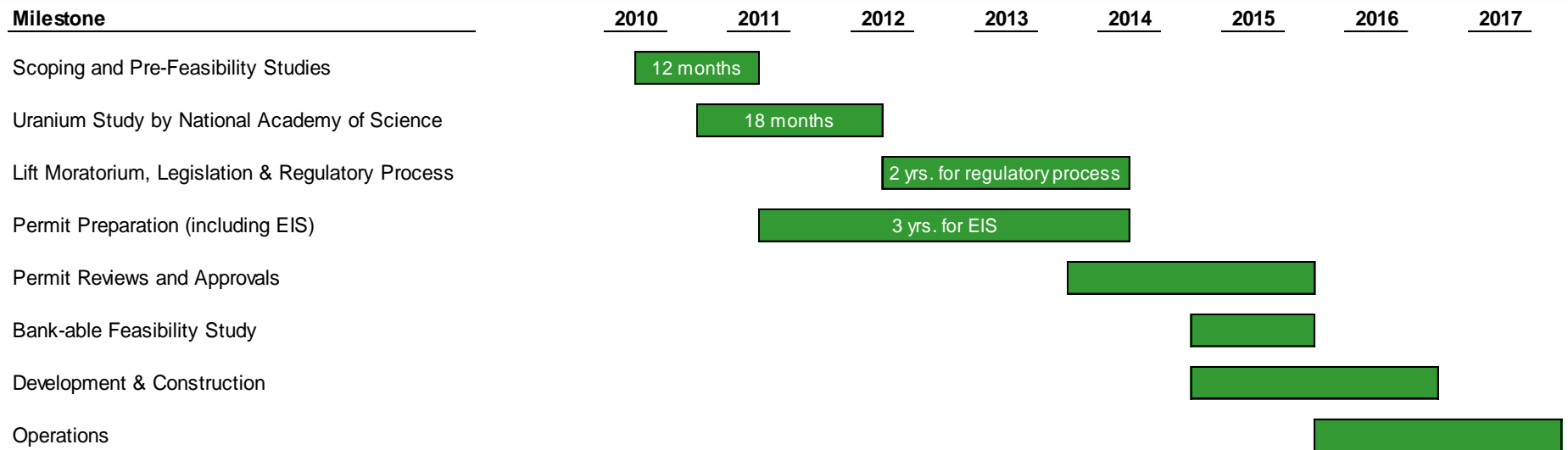
1979- 1985

- **1979:** Resource discovered
- **1981:** Dravo Engineers – Order-of-Magnitude Study
- **1981:** Pincock, Allen & Holt – Scoping Study
- **1984:** UMETCO (Union Carbide) – Feasibility Study

2007- Present

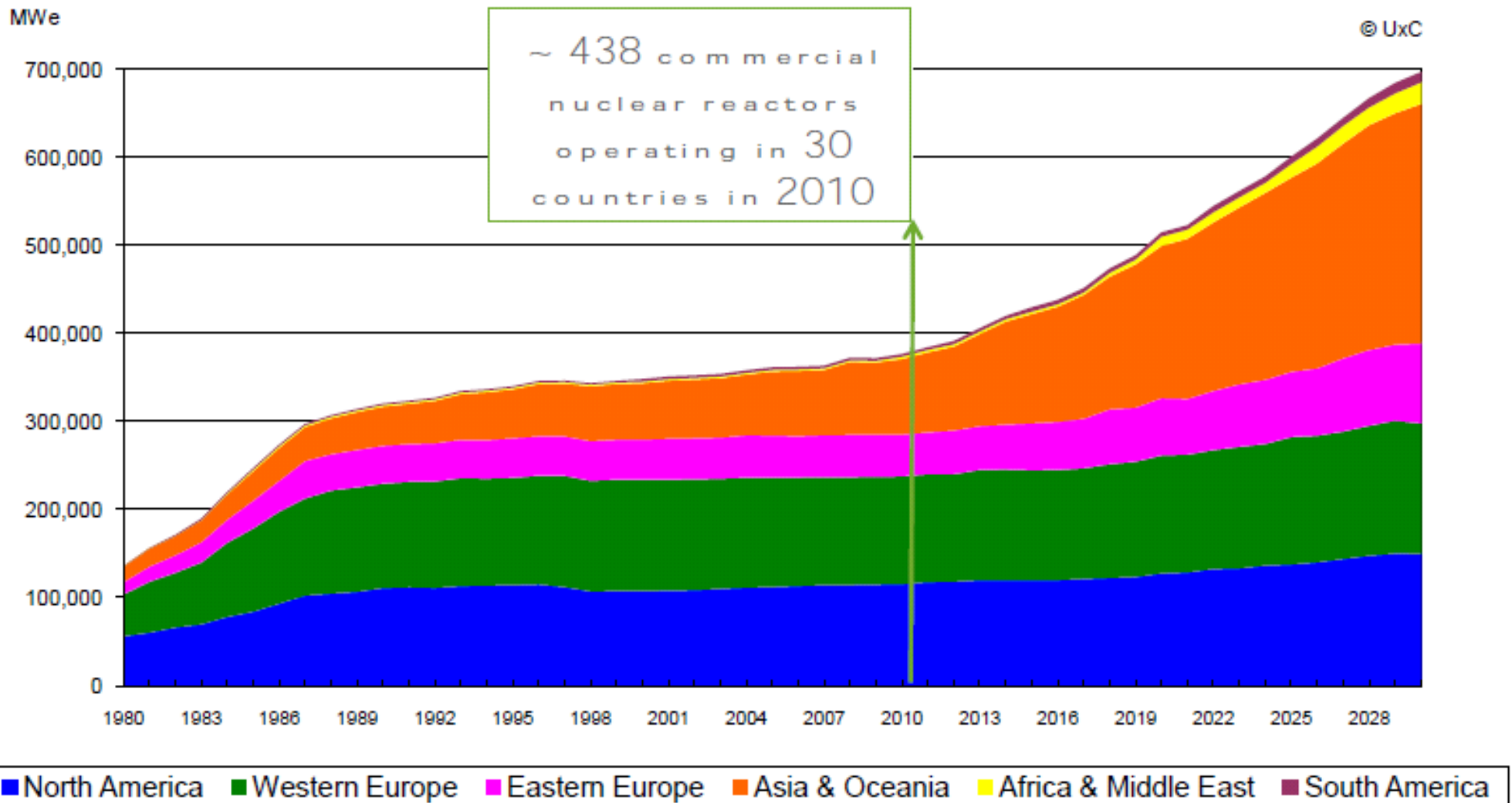
- **Nov. 2007:** 43-101 compliant Technical Report on historical work
- **Apr. 2008:** 43-101 compliant Resource Report
- **Feb. 2010:** New Scoping Report launched
- **Oct. 2010:** New Scoping Report completed

## Coles Hill Project Future Timeline



# Demand for Uranium Rising

## Nuclear Capacity Forecast by Region (1980-2030)

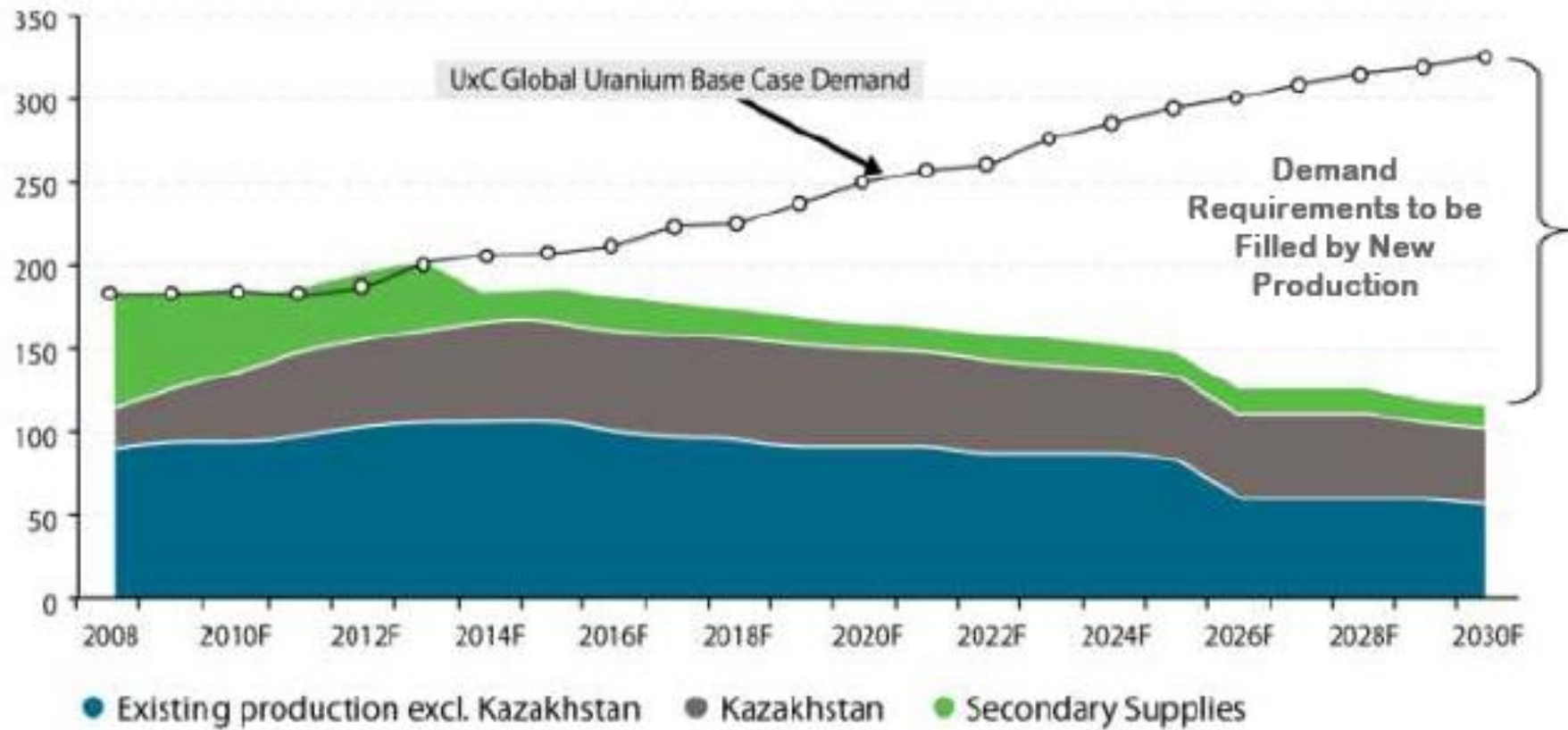


# Supply / Demand Gap Increasing

- Mine supply (~130M lbs  $U_3O_8$  in 2010) cannot meet current demand (182M lbs in 2010), nor is it expected to grow at the same pace as future demand
- Increasing share of world production coming from less stable regions – Kazakhstan & Africa

## Production from Existing Mines and Secondary Supply

Million pounds  $U_3O_8$

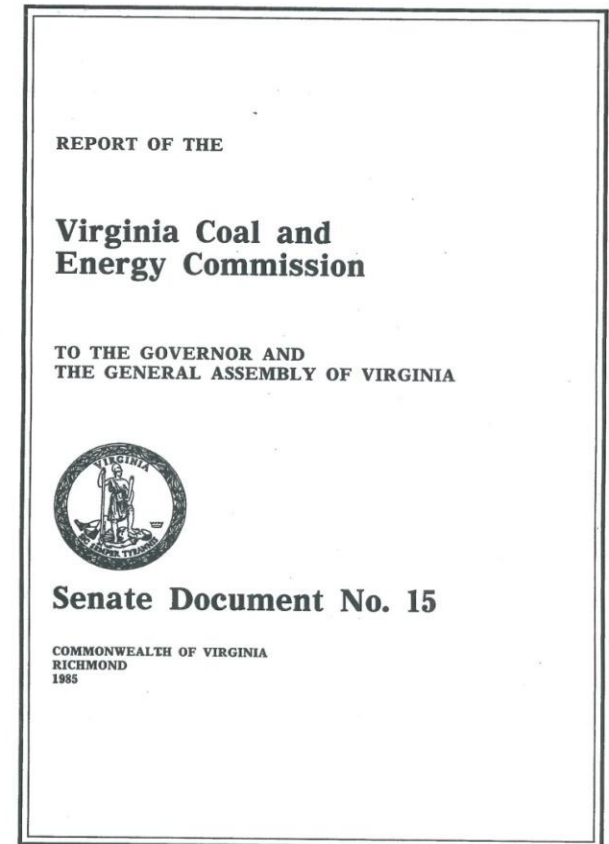


# Understanding Virginia's Moratorium

- Per Virginia Code § 45.1-274, Uranium exploration is permitted
- Per Virginia Code § 45.1-283
  - “Notwithstanding any other provision of law, permit applications for uranium mining shall not be accepted by any agency of the Commonwealth prior to July 1, 1984, and until a program for permitting uranium mining is established by statute.”

# Virginia's Uranium Studies

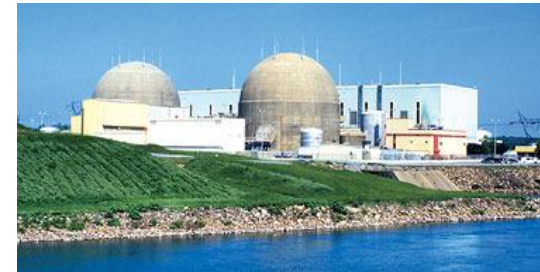
- 1981: Virginia General Assembly approves House Resolution 324 Requesting Va. Coal & Energy Commission ("VCEC") to evaluate uranium
- 1983: Uranium Administrative Group ("UAG") established in Senate Bill 155 that finds that a preliminary study *"...has not identified any environmental or public health concern that could preclude uranium development in Virginia."*
- 1984: Recommendation by 16 of 18 (89%) UAG members *"We conclude that the moratorium on uranium development can be lifted..."*
- 2009: VCEC creates uranium mining sub-committee to evaluate uranium again
- 2010: National Academy of Sciences undertaking new scientific study on safety of uranium mining
- 2011: NAS study results expected Dec 2011



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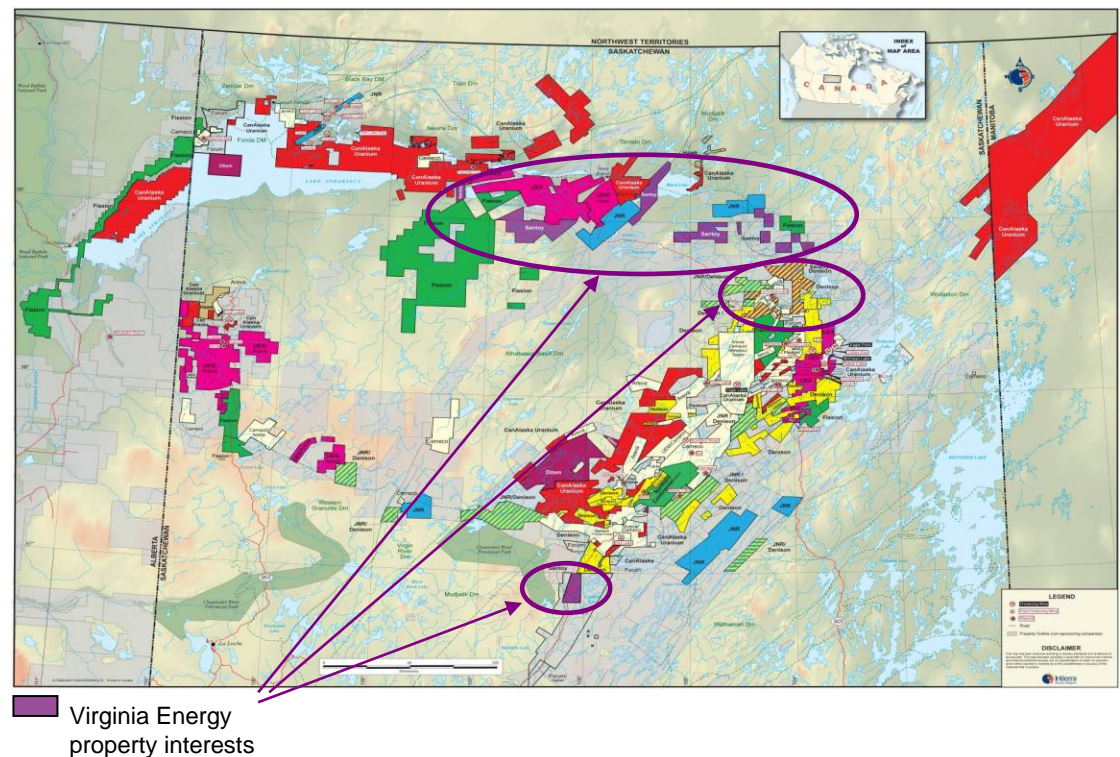
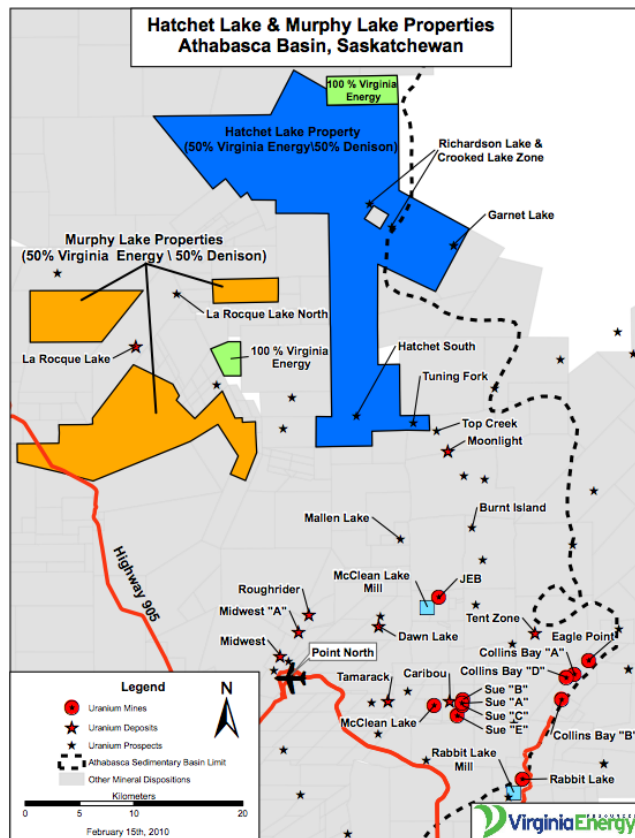
# Virginia's Strong Nuclear Heritage

- Dominion Resource's four nuclear power plants providing 35% of Virginia's electricity supply needing about 1.6 MM lbs of  $U_3O_8$  annually(\*)
  - Surry-1 & 2 (816 MWe; built 1972 & 1973)
  - North Anna-1 and -2 (925 MWe; built 1978 & 1989)
- New nuclear power plant for North Anna-3 proposed
- Strong AREVA nuclear infrastructure
  - Commercial nuclear fuel production facility
  - Engineering and services
  - Heavy equipment manufacturing partnership with Northrop Grumman
- Strong naval nuclear infrastructure
  - Babcock & Wilcox naval nuclear fuel facility
  - Northrop Grumman naval shipbuilding and maintenance facilities
  - Largest naval base in the world
    - Shipbuilding since 1767
    - Home base to nuclear powered aircraft carriers and subs
    - Commissioned latest aircraft carrier in 2009



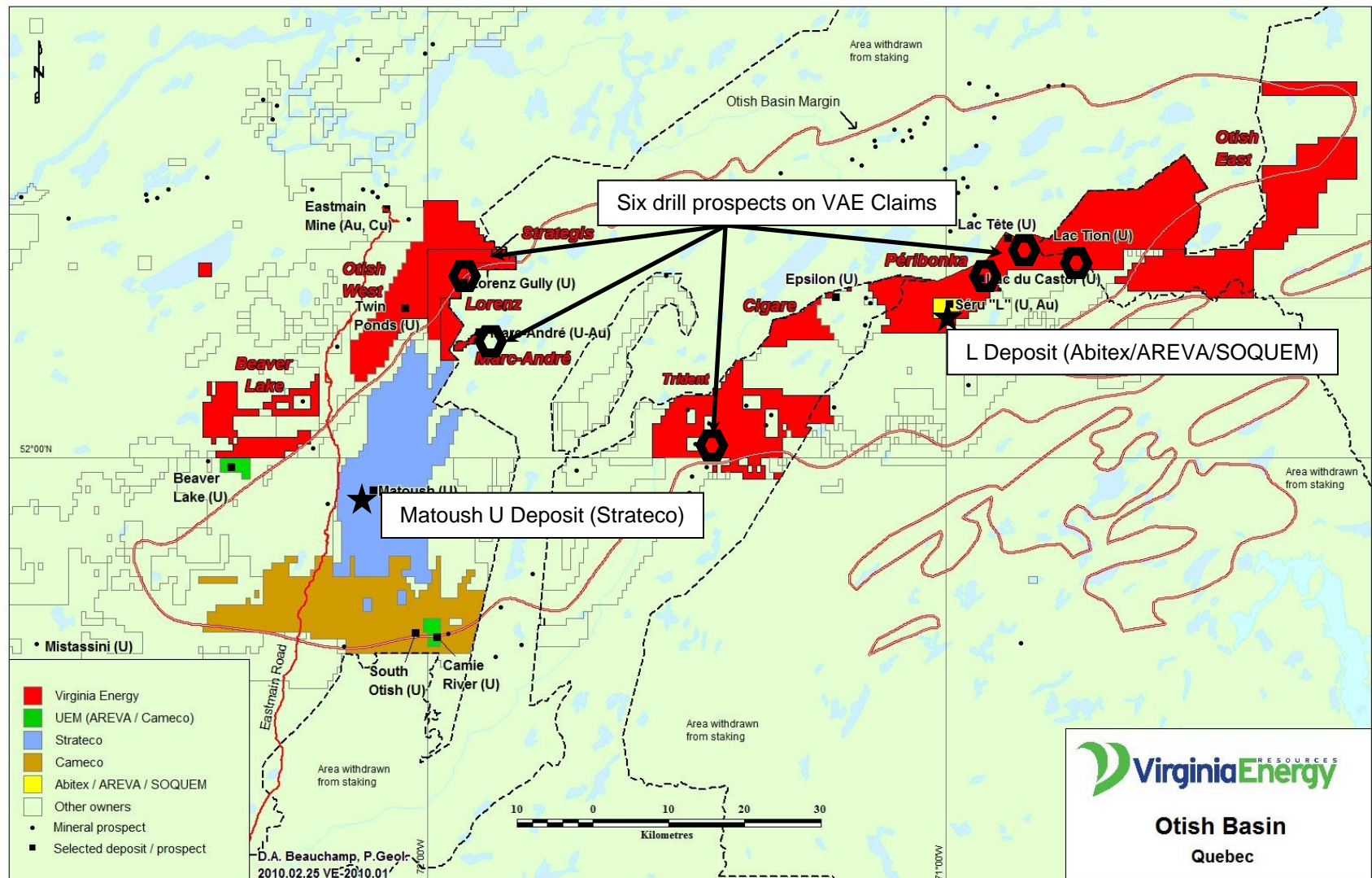
Virginia Energy has exposure to over 171,700 ha on favorable trends in the Athabasca Basin

- 100% owned claims and 50-50 JVs with Denison and Forum
- Shallow, north-east portion of Athabasca Basin
- Drill programs planned for Hatchet and Murphy Lake in Winter 2012 (JV w/Denison )



# Quebec Exploration Program

- VAE has 100% interest in 102,000 hectares, with six uranium prospects ready for drilling
- Matoush deposit (Strateco Resources): Indicated = 7.458 m lbs  $U_3O_8$ , and Inferred = 12.777 m lbs  $U_3O_8$
- L Deposit (Abitex-AREVA-SOQUEM): Indicated 3.9 m lbs e $U_3O_8$ , and Inferred = 9.26 m lbs e $U_3O_8$





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