

Form 51-102F3
MATERIAL CHANGE REPORT

Item 1. Name and Address of Reporting Issuer

Virginia Energy Resources Inc.
Suite 611, 675 West Hastings Street
Vancouver, B.C.
V6B 1N2

Item 2. Date of Material Change

June 11, 2012

Item 3. News Release

A News Release dated June 11, 2012 was disseminated to Market News, Financial Post, Canada Stockwatch, Market Wire, Kitco, SEDAR, and e-mailed to brokers and shareholders.

Item 4. Summary of Material Changes

A summary of the nature and substance of the material change is as follows:

Virginia Energy Signs Letter Agreement for Spin Out and Merger Transaction

Item 5. Full Description of Material Change

Virginia Energy Resources Inc. (TSX.V: VAE) (OTCQX: VAERF) is pleased to announce that it has signed a letter agreement dated June 6, 2012 (the "Letter Agreement") with VA Uranium Holdings, Inc. ("VAUH") and Virginia Uranium Ltd. ("VUL") with respect to the proposed spin out of certain assets of VAE to its wholly-owned subsidiary, VUL and a consolidation of the ownership of VAUH into VUL.

VAE currently holds a 29.41% interest in VAUH, a private company that owns the advanced stage Coles Hill uranium project in Virginia.

The transaction will divide VAE's portfolio of exploration and development properties between two separate companies whereby one company will focus on exploration while the other focuses on development. In addition, the consolidation of the ownership of VAUH through VUL will simplify the ownership structure of the Coles Hill uranium project in a single publicly traded entity.

Walter Coles Jr., the President & CEO of VAE, commented, "The objective of the transaction is to enhance value for all shareholders of VAE and VAUH. The Board of Directors for both companies are confident that, by reducing the complications of the current share and holding structure, this transaction will facilitate the ability of the market to more fully recognize the underlying values and differentiate risk

profiles of the early stage exploration targets and the more advanced development stage Coles Hill project. The objective is for the VAE shareholders to own 100% of the exploration assets plus 29.4% of the Coles Hill project but in a more understandable structure through two separate publicly traded entities. We believe the value of the Coles Hill project will be further appreciated as a single public entity to be created in VUL which will own 100% of that project."

Proposed Transaction

Pursuant to the Letter Agreement signed last week, the parties propose to undertake a transaction (the "Transaction") whereby:

VAE will transfer to VUL all of the shares of VAUH currently held by VAE as well as the Otish project in Quebec along with an amount of cash;

VAE's shareholders will receive shares of VUL on a pro-rata basis to their current shareholdings in VAE; and

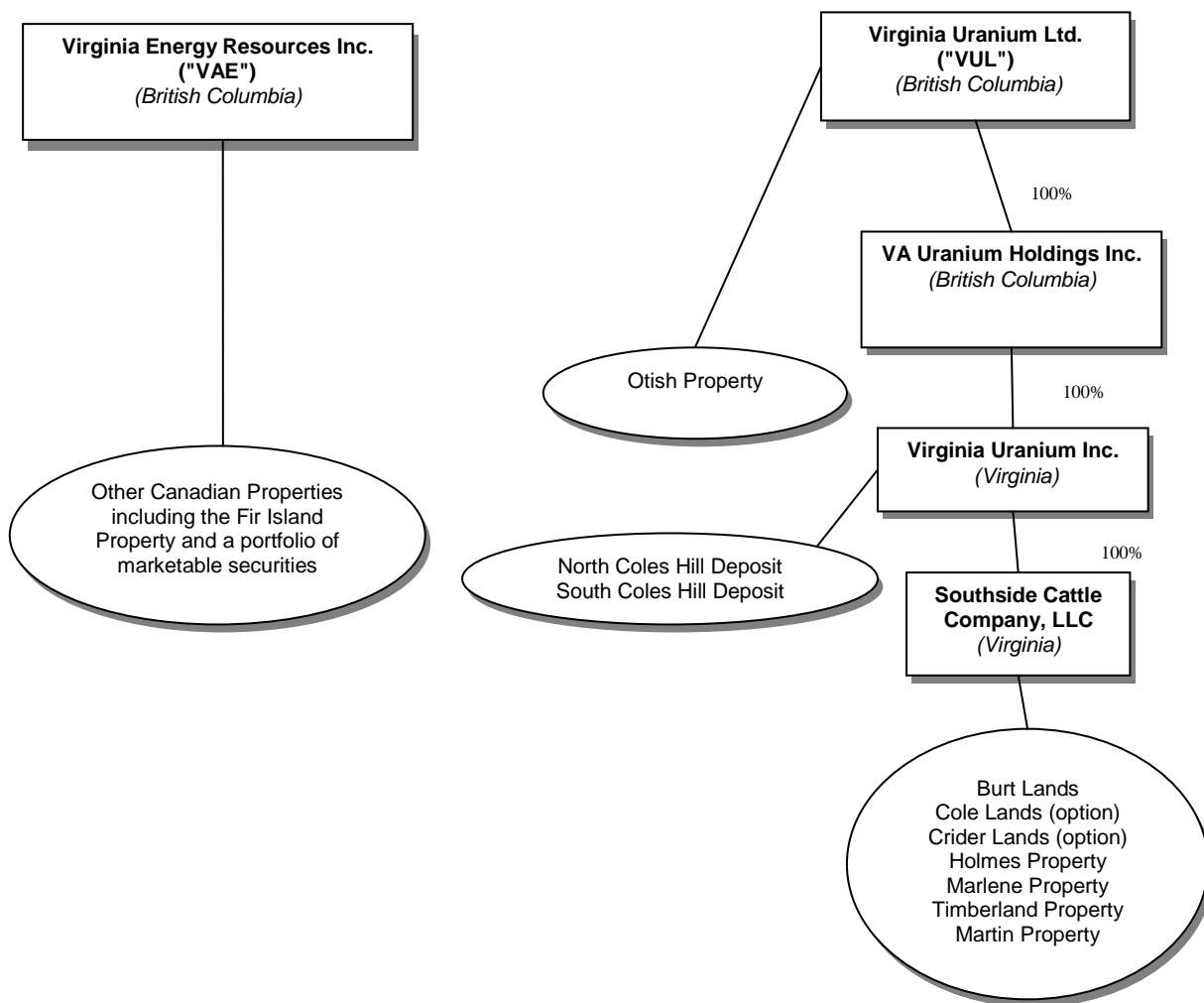
VAUH's shareholders will receive shares of VUL in exchange for their current shareholdings in VAUH.

The Transaction will not cause any change in the ultimate ownership of the Coles Hill project. It is anticipated that the Transaction will result in:

VAUH shareholders owning, in the aggregate, approximately 70.6% of the outstanding shares of VUL; and

VAE shareholders owning, in the aggregate, approximately 29.4% of the outstanding shares of VUL.

Following completion of the transaction the resulting corporate structure will be as follows:



The transaction will be structured by way of a plan of arrangement under the provisions of the Business Corporations Act (British Columbia) to be formalized in a definitive arrangement agreement to be entered into among the parties. As part of the transaction, the names of VAE and VUL may be changed. The transaction is subject to certain conditions, including the approval by the shareholders of VAE and VAUH, approval from the Supreme Court of British Columbia, approval of the TSX Venture Exchange and the listing of the shares of VUL.

Additional details of the transaction will be described in detail in the joint information circular to be mailed to shareholders of VAE and VAUH in connection with the companies' respective shareholder meetings expected to take place by or about early August 2012 at which approval by the companies' shareholders of the proposed transaction will be sought.

Related Party Matters

As mentioned above, VAE currently holds a 29.41% interest in VAUH. In addition, four of VAE's eight directors are also members of the board and/or management of VAUH as follows: Peter Grosskopf and Norm Reynolds are directors of VAUH; Walter Coles Sr. is CEO, Chairman and a director of VAUH; and Walter Coles Jr. is the Executive VP,

Corporate Development of VAUH. The proposed transaction is therefore a related party transaction under Multilateral Instrument 61-101 Protection of Minority Security holders in Special Transactions ("MI 61-101").

The board of directors of VAE has established a special committee comprised of Bob Matthews, Ron Hochstein and Ron Netolitzky all of whom are independent (as defined in relevant securities legislation) to oversee the spin out and merger transaction.

As VAE is a company listed on the TSX Venture Exchange, it is exempt from the formal valuation requirements of MI 61-101 pursuant to the exemption contained in section 5.5(b) of MI 61-101 on the basis that VAE's securities are not listed on the specified markets therein. VAE intends to seek minority shareholder approval of the proposed transaction at the aforementioned meeting for shareholders of VAE.

Item 6. Reliance on subsection 7.1(2) and (3) of National Instrument 51-102

Not applicable.

Item 7. Omitted Information

Not applicable

Item 8. Executive Officer

For further information, please contact **Walter Coles, Jr.** at **(604) 669-4799**.

DATED this 11th day of June in the year 2012 in the City of Vancouver, in the Province of British Columbia.

"Walter Cole, Jr."

**Walter Coles, Jr.,
President & CEO**