

# **BLUE SKY URANIUM CORP.**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE THREE MONTHS ENDED MARCH 31, 2019 AND 2018**

### **Background**

This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the condensed consolidated interim financial statements of Blue Sky Uranium Corp. ("Blue Sky" or "the Company") for the three months ended March 31, 2019 and 2018 and related notes thereto which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All figures are in Canadian dollars unless otherwise noted. This MD&A has been prepared as of May 15, 2019.

### **Company Overview**

The Company was incorporated under the Business Corporations Act (British Columbia) on November 30, 2005 as Mulligan Capital Corp. On May 18, 2006, the Company received final receipts for a prospectus and became a reporting issuer in British Columbia and Alberta. On June 27, 2006 the Company completed its initial public offering (the "Offering") and on June 28, 2006 the Company listed its common shares on the TSX Venture Exchange (the "TSX-V") as a capital pool company. On February 7, 2007, the Company completed its qualifying transaction (the "QT") and was upgraded to Tier II status on the TSX-V. The Company also changed its name to Blue Sky Uranium Corp. to reflect its business as a junior uranium exploration company. The address of the Company's registered office is Suite 312 – 837 West Hastings Street, Vancouver, BC, Canada V6C 3N6.

The Company is a junior mineral exploration company engaged in the business of acquiring, exploring and evaluating natural resource properties and either joint venturing or developing these properties further or disposing of them when the evaluation is completed. The Company's material mineral properties of interest are all located in Argentina. Blue Sky is one of the Argentina's leading uranium exploration companies with more than 4,000 km<sup>2</sup> of tenements. Argentina has an advanced nuclear industry, centred in the Rio Negro Province. As of the date of this report, the Company has not earned any production revenue, nor defined any mineral resources or reserves on any of its properties.

David Terry, PhD., P.Geo. is a member of the Board and is a Qualified Person as defined by NI 43-101 and has reviewed and approved the exploration information and technical disclosure contained in this MD&A. The Company has Quality Assurance/Quality Control protocols in place for all sampling programs as part of all auguring, geochemical sampling, sample preparation, sample shipping and sample analysis and compilation procedures.

### ***Outlook***

Blue Sky is one of Argentina's leading uranium exploration companies with more than 4,000 km<sup>2</sup> of tenements. Argentina is the largest generator of electricity from nuclear energy in South America, with its advanced nuclear industry centred in Rio Negro Province. The country is working to further expand its nuclear energy sector with additional power plants, but lacks a ready internal supply of uranium. Blue Sky's goal is to acquire, explore and advance towards production a portfolio of projects with an emphasis on near-surface uranium deposits that have the potential for near-term low-cost production to service the Argentine domestic nuclear industry.

### **PRINCIPAL PROPERTIES**

In 2008, the Company gained control of a land package of more than 5,000 km<sup>2</sup> of prospective uranium properties in Rio Negro and Chubut provinces of Argentina (see news release filed on SEDAR April 17, 2008). Currently, the Company has exclusive rights to over 400,000 hectares (or more than 4,000 km<sup>2</sup>) of properties in the two provinces. The exploration focus is on surficial (calcrete-type), as well as sandstone-type (roll front) uranium +/- vanadium targets. A brief description of the Company's material projects follows.

## **Amarillo Grande Project, Rio Negro Province**

**Location and Ownership:** The Amarillo Grande Project is located in central Rio Negro province, in the Patagonia region of southern Argentina. Blue Sky has the exclusive rights to over 300,000 hectares of mineral tenures that form the project. The main parts of the project are all road accessible from major centres, such as Valcheta or Neuquen, via the gravel Provincial Road 66. The area is flat-lying, semi-arid and accessible year-round, with nearby rail, power and port access.

**Geologic Potential:** The district-scale Amarillo Grande Project hosts mineralization with characteristics of both Surficial and Sandstone-type uranium deposits, in some cases including significant vanadium. Most of the mineralized occurrences found within project area to date have the characteristics of Surficial Uranium Deposits in which uranium occurs in sediments or soils of relatively young age (Tertiary to Recent), often in association with secondary carbonate minerals that form lenses or blankets of calcrete. Surficial deposits typically form in semi-arid to arid uranium rich districts adjacent to uranium source rocks (granites or ash flow sequences) or primary uranium deposits. The main uranium mineral in these deposits is typically carnotite, a yellowish hydrated potassium uranium vanadium oxide,  $K_2(UO_2)_2(VO_4)_2 \cdot 3H_2O$ .

The Ivana deposit displays characteristics of both surficial-type and sandstone-type uranium-vanadium deposits. In plan view, the Ivana uranium-vanadium mineralization has a broad C-shaped pattern with some isolated outlying areas of peripheral mineralization. The uranium mineralization at Ivana is comprised of secondary uranium minerals which include carnotite, a coffinite-like mineral that has been called  $\beta$ -coffinite (beta-coffinite), as well as lesser tyuyamunite, leibigite, and an unidentified uranium-bearing mineral species.

The Amarillo Grande project is believed to have district-scale potential for discovery of similar styles of mineralization to the Ivana deposit.

**Exploration History Summary:** In 2007, under the supervision of consultant Dr. Jorge Berizzo, Blue Sky selected Rio Negro as a high-potential location for discovery of new uranium deposits. In the same year, a 14,689 line-km airborne radiometric survey led to discovery of surficial zones of uranium mineralization at the Anit and Santa Barbara groups of properties. A second large-scale airborne radiometric survey in 2010 led to the acquisition of the Ivana group of properties. Detailed exploration work through 2012 on the three property areas led to the delineation of a new uranium district along a 140-kilometre geologic trend. Significant zones of uranium mineralization have been identified along the trend, with the potential for expansion to depth and along strike. While the three properties were previously distinguished from each other in Company disclosure, their proximity, related geologic trend, and the likelihood of additional property acquisitions and zones of mineralization along the trend, has led the Company to group the entire package into a single project, the Amarillo Grande Project.

In 2016, improved market sentiment for uranium encouraged the Company to relaunch exploration at the project. The first program was designed to delineate mineralization across the district in greater detail and to identify extensions and new targets, both near surface and at depth. By the end of the year, a 15 line- pole-dipole electrical tomography (ET) survey was launched. Conductive anomalies interpreted as paleo-channels were identified on every line surveyed. On January 26<sup>th</sup> 2017, the Company announced the commencement of a Phase 1, reverse circulation (“RC”) drilling program at the Amarillo Grande project.

Drilling at Anit included 1,170 metres in 83 holes. The program successfully confirmed the spatial correlation of the previously recognized mineralized zones. Due to a new market interest in vanadium as a component of storage batteries for renewable energy and strength in traditional market as a steel hardening alloy, and the resulting significant price increase during the year, the exploration team made a detailed review of the vanadium results at Anit. A 3 x 1 kilometre area was delineated with thicknesses between 0 and 16 metres, using a 1,000 ppm  $V_2O_5$  x 1 metre isocurve as a lower limit. This is a wider and thicker area than that of the uranium mineralized zone, and it is open to expansion (see News Release dated November 8, 2017).

At Santa Barbara, fifteen holes were drilled ranging from 4 to 25 metres length, for a total of 312 metres. This was the first drill program at this target area and was considered a scouting program. Values of uranium and vanadium were low in all holes; this target area represents the lowest priority for follow-up work.

At Ivana, the Phase I program included 158 holes totaling 2,250 metres. The results successfully outlined a strongly mineralized corridor of uranium-vanadium mineralization, including a higher-grade core zone, within approximately twenty metres of surface. A Phase II program was launched in September 2017, focused on the Ivana target, which included 11.5 kilometres of ET surveying in 4 lines using a 15 metre array. The follow-up Phase II drill program included 4,327 metres in 269 holes. The known mineralization at Ivana was expanded laterally, and thicker higher-grade mineralized intervals were intercepted in the core of the mineralized corridor.

Results from drilling are available in news releases and summarized in previous MDA's, and can be found filed under the Company's profile on SEDAR.

The final drill results for the Phase II program at Ivana were released on January 15, 2018, and the Company announced that it had engaged independent qualified persons to complete the first mineral resource estimate for the project and associated NI 43-101 Technical Report. On January 22, 2018 the Company reported the results of the first preliminary metallurgical test work on samples from Ivana. The metallurgical studies were completed on a single composite created from four samples with predominantly carnotite (a uranium-vanadium oxide) mineralization, the most common style of mineralization found at Amarillo Grande. The alkaline leach test results yielded recoveries of 95% for the uranium in 2 hours.

On March 5, 2018, the first mineral resource estimate for the Amarillo Grande Project was announced, focused specifically on the Ivana deposit. A supporting Technical Report was filed on SEDAR on April 18, 2018, prepared by Jon P. Thorson, PhD., CPG, Bruce M. Davis, FAusIMM, of BD Resource Consulting, Inc., and Susan Lomas, P.Geo., Lions Gate Geological Consulting Inc. ("the Authors") who are independent Qualified Persons as set forth by National Instrument 43-101 ("NI 43-101").

The Authors of the Technical report recommended that Blue Sky Uranium should proceed with a preliminary economic assessment ("PEA") to better direct future project development, and should conduct additional drilling to define the limits of the Ivana deposit and identify satellite uranium-vanadium deposits nearby.

On May 9, 2018, Blue Sky announced that it had engaged Chuck Edwards, a Professional Engineer specializing in uranium processing for both alkaline and acid leach plants. Mr. Edwards was engaged as a technical advisor to assist the Company in planning and managing beneficiation (upgrading) and metallurgical studies and process design for the Ivana Uranium-Vanadium deposit and the Amarillo Grande project as part of a PEA program.

On May 23, 2018, Blue Sky announced that the initial process testing on oxide material from the Company's Ivana uranium-vanadium deposit demonstrated that simple wet scrubbing followed by wet screening results in the upgrading of metal concentration by approximately 300% for Uranium and 250% for Vanadium with recoveries of 93% and 74%, respectively. The studies were completed on a single composite sample believed to contain primarily carnotite (a uranium-vanadium oxide) mineralization, which is the most common style of mineralization found at Amarillo Grande.

Coincident with the PEA work, Blue Sky continued exploring proximal to the Ivana deposit in order to identify new mineralized areas and expand resources. On August 1, 2018, the Company announced the completion of 425.5 metres of shallow auger drilling in 110 holes to test for extensions to the Ivana deposit. This work provided targets for a subsequent 1,063 metre step-out RC drill program around the Ivana deposit. Results from the RC program were announced on October 9, 2018, and confirmed that the Ivana deposit extends more than 1,000 metres to the south of the initial mineral resource area.

On November 14<sup>th</sup>, 2018 the Company announced the sample results for the first 39 pits from a 115-pit sampling program testing new areas to the west and southwest of the Ivana mineral resource area. High grades of uranium and vanadium from channel samples collected along pit walls indicated the potential for the lateral extension of resources.

### ***2019 PEA Program***

A second more detailed round of mineralogical, metallurgical and process design testwork on material from Ivana was completed at the Saskatchewan Research Council ("SRC") under the guidance of Chuck Edwards. Results were announced on February 7<sup>th</sup>, 2019, and were incorporated into the PEA study.

The results of the first Preliminary Economic Assessment for the Amarillo Grande Project were announced on February 27, 2019. The PEA demonstrates robust economics for a surficial mining operation of the Ivana deposit, with 13 years of uranium and vanadium production. Recovery of uranium and vanadium is through a simple two-stage process of concentration/beneficiation followed by alkaline leaching using low environmental impact technology and reagents.

PEA Highlights (All figures in US dollars)

- After-tax NPV8%: \$135.2 million
- After-tax IRR: 29.3%
- After-tax Payback period: 2.4 years
- Pre-production Capital Cost: \$128.05 million, includes \$28.28 million contingency
- Life of mine (“LOM”) Sustaining Capital Cost: \$35.46 million, includes \$7.21 million contingency
- Average LOM Total Cash Cost net of credits: \$16.24/lb U<sub>3</sub>O<sub>8</sub>
- Average LOM All-In Sustaining Costs (“AISC”) net of credits: \$18.27/lb U<sub>3</sub>O<sub>8</sub>

PEA Key Assumptions & Inputs

- Uranium price: \$50/lb U<sub>3</sub>O<sub>8</sub>
- Vanadium Price \$15/lb V<sub>2</sub>O<sub>5</sub>
- Years of Construction: 2
- Years of Production: 13
- Strip Ratio: 1.1:1 (waste/ore)
- Dilution: 3%
- Peak Mining rate (waste + mill feed): 13,500 tonnes per day (“tpd”)
- Processing throughput: 6,400 tpd
- Process Plant Recoveries, Uranium: 84.6%
- Process Plant Recoveries, Vanadium: 52.5%
- Average Annual Production (LOM): 1.35 Mlbs/y U<sub>3</sub>O<sub>8</sub>
- LOM uranium production: 17.5 Mlbs U<sub>3</sub>O<sub>8</sub>

*The PEA is preliminary in nature and is based solely on Inferred Mineral Resources that are considered too speculative geologically to have economic considerations applied to them that would enable them to be categorized as Mineral Reserves. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability and there is no certainty that the PEA will be realized.*

An updated Mineral Resource Estimate, effective September 28th, 2018, was used for the PEA. The updated resource estimate includes data from an additional 61 reverse circulation (“RC”) drill holes (1,043 metres) completed in September of 2018, as well as a more extensive density study that indicated a density of 2.1 gr/cm<sup>3</sup> should be applied. Those changes resulted in a 17% increase in total tonnes, as well as a 19% increase in contained U<sub>3</sub>O<sub>8</sub> and a 13% increase in contained V<sub>2</sub>O<sub>5</sub>, at similar grades.

*The estimate of mineral resources may be materially affected by environmental, permitting, legal, title, taxation, sociopolitical, marketing, or other relevant issues. The quantity and grade of reported Inferred resources are uncertain in nature and there has been insufficient exploration to classify these inferred resources as Indicated or Measured, and it is uncertain if further exploration will result in upgrading them to an Indicated or Measured category.*

**Estimate of Inferred Mineral Resource reported at 100 ppm Uranium Cut-off**

Zone	Tonnes (t)	Average Grade				Contained Metal	
		U (ppm)	U <sub>3</sub> O <sub>8</sub> (%)	V (ppm)	V <sub>2</sub> O <sub>5</sub> (%)	U <sub>3</sub> O <sub>8</sub> (lb)	V <sub>2</sub> O <sub>5</sub> (lb)
Upper	3,200,000	133	0.016	123	0.022	1,100,000	1,500,000
Lower	24,800,000	335	0.040	105	0.018	21,600,000	10,000,000
<b>Total</b>	<b>28,000,000</b>	<b>311</b>	<b>0.037</b>	<b>107</b>	<b>0.019</b>	<b>22,700,000</b>	<b>11,500,000</b>

Notes:

1. Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability.
2. It is reasonably expected that the majority of Inferred Mineral Resources could be upgraded to Indicated Mineral Resources with continued exploration.
3. The Mineral Resources in this estimate were not constrained within a conceptual pit shell owing to the shallow nature of the deposit (<25 m).
4. The 100 ppm uranium reporting cutoff grade is based on operative costs of \$12/t, a price of \$50/lb U<sub>3</sub>O<sub>8</sub>, and a process recovery of 90%. A density of 2.1gr/cm<sup>3</sup> was applied.
5. The resource was estimated within distinct zones of elevated uranium concentration occurring within the host sediments. Vanadium is associated with uranium and is estimated within the same zones. There is no indication that Vanadium occurs outside of the elevated uranium zones in the Ivana deposit area in sufficient concentrations to justify developing estimation domains focused on Vanadium.

The Mineral Resource Estimate was prepared under the direction of Bruce Davis Ph.D., F.AusIMM, of BD Resource Consulting Inc. and Susan Lomas, P.Geo., of Lions Gate Geological Consulting Inc. Both Dr. Davis and Ms. Lomas are independent Qualified Persons (QP's) as defined in NI 43-101. The PEA and associated information was prepared under the direction of consultant Ken Kuchling, P.Eng., a mining engineer specializing in economic reviews and an independent Qualified Person as defined in NI 43-101. Additional contributing Qualified Persons for the PEA are: Jon Thorson, Ph.D., CPG. (geological interpretation); Chuck Edwards, P.Eng. FCIM (metallurgy & processing) and; Ken Embree, P.Eng., of Knight Piésold Ltd (waste & water management).

Supporting information for the PEA and Mineral Resource Estimate will be included in a NI 43-101 Technical Report to be published within 45 days of the press release.

Infill drilling at the Ivana deposit is expected to upgrade the mineral resource from the Inferred category. There is also potential to expand resources at Ivana, particularly to the west, where recent pit sampling returned significant intervals with high grades of uranium and vanadium (see Blue Sky news release dated November 15, 2018).

Future work on Ivana will include additional infill and step-out drilling to upgrade and expand mineral resources, as well as advanced engineering studies that will include a complete and comprehensive environmental base line study, additional metallurgical and process design test work, mine design optimization, detailed permitting assessment, among other items.

**2019 Exploration**

On April 29, 2019 Blue Sky announced the remaining results from the 115-pit sampling program conducted to the west and southwest of the Ivana deposit. Additional high grades of uranium-vanadium were encountered in the two sampling grids. Mineralization defined by the northern pit sampling grid is interpreted to be the western extension of the northwestern domain of the Ivana current mineral resource, separated by an area of outcropping basement. Uranium-vanadium mineralization delineated in both pit sampling grids is open to further expansion to the west, however, auger and/or reverse circulation (RC) drilling may be required due to greater interpreted depth to basement in these areas. In addition, the gap between the two pit sampling grids, where basement is also interpreted to be at greater depth than in the two pit sample grid areas, is now being tested using the Company's auger drill.

The Company is currently carrying out auger drilling and other field studies in the Ivana area of the Amarillo Grande project while assembling plans for further RC drilling and additional engineering studies to advance the Ivana deposit.

### **Sierra Colonia Project, Chubut Province**

**Location and Ownership:** The Company has exclusive rights to the more than 19,900-hectare Sierra Colonia group of properties. The project is located in the central part of the Chubut province. It is situated 96 km east-northeast of the Cerro Solo uranium project where the National Commission of Atomic Energy (“CNEA”) identified a historical resource of 15 million pounds of contained  $U_3O_8$  in the same geological environment (CNEA web site with information dated June 5, 2009. The resource statement is not compliant with National Instrument 43-101).

**Geologic Potential:** The Sierra Colonia project was selected following recommendations by Dr. Jorge Berizzo, Blue Sky’s geological consultant, and was based on the proximity to CNEA’s Mirasol uranium occurrence and similarities to the geological setting at Mirasol and Cerro Solo. Uranium mineralization is hosted in sandstones, conglomerates and tuffs of Lower to Upper Cretaceous age of the Chubut Group located in an erosional window eroded through late Tertiary El Cuy plateau basalts. Petrified wood is commonly associated with uranium mineralization. Uranium mineralization is mainly in the form of carnotite and represents a sandstone-hosted model. However, the presence of carnotite indicates probable re-mobilization and, as a result, surficial deposits could be expected to be discovered in the vicinity due to the arid climate condition in the area.

**Exploration History Summary:** Initial exploration involved a surface radiometric survey covering 130 square kilometres that delineated a 14 kilometre northwest trending corridor with radiometric anomalies in 2011. The follow-up exploration program was focused on this corridor and included sampling of hand pits, ranging in depth from surface to 2 metres and collection of grab samples from outcrops. Results ranged from below detection limit to 0.20%  $U_3O_8$  and 1.32%  $V_2O_5$  for pit samples and to 0.65%  $U_3O_8$  and 1.55%  $V_2O_5$  for grab samples. Anomalous molybdenum also occurs ranging from below detection limit to 671 ppm molybdenum.

Work completed under joint venture with AREVA focused on identifying drill targets in 12 areas contained within the 14 kilometre-long mineralized trend discovered by Blue Sky in 2011. Two lines of IP / Resistivity were completed (totaling seven kilometres) along with detailed geological and topographic surveys. The program was successful in tracing the favourable stratigraphic units and defining drill targets.

**Current Exploration:** During the year ended December 31, 2017, the Company determined that it would not be exploring the Sierra Colonia property further in 2018 and impaired \$32,702 in acquisition costs.

### **Tierras Coloradas Project, Chubut Province**

The Company has exclusive rights to the 40,000 hectare Tierras Coloradas group of properties east of the Sierra Colonia property in the province of Chubut, Argentina. The project is situated east of the Sierra Colonia project, in a similar geologic environment.

**Geologic Potential:** Uranium mineralization has been found within a late Tertiary continental sequence named Punto Chico Formation. Uranium was observed related to logs and superficial calcrete. Therefore, two types of uranium deposit model are expected: sandstone and surficial types.

**Exploration History Summary:** Surficial mineralization was discovered by Blue Sky in 2011 while prospecting and carrying out surface radiometric surveys in the area of the property. The superficial radiometric anomalies are located within a similar geological environment as observed at the CNEA’s Mirasol uranium occurrence which is located less than 100 kilometres to the east. Blue Sky completed a short exploration program in 2012 that included a ground radiometric survey, mapping and sampling. Ground radiometric anomalies ranged from background to 1,650 cps.

**Current Exploration:** The Company is currently evaluating strategic alternatives to advance the Tierras Coloradas Project.

### **Cerro Parva Project, Chubut Province**

The Company has exclusive rights to the Cerro Parva project, including over 67,800 hectares of properties in the Province of Chubut, Argentina. The project is situated southeast of the Sierra Colonia project. BSK exploration efforts to date have included a prospecting program, ground radiometric surveying and mapping.

**Current Exploration:** The Company is currently evaluating strategic alternatives to advance the Cerro Parva Project.

## **Results of Operations – For the three months ended March 31, 2019 compared to the three months ended March 31, 2018**

### **Loss from operating activities**

During the three months ended March 31, 2019, loss from operating activities decreased by \$1,284,756 to \$809,692 compared to \$2,094,448 for the three months ended March 31, 2018. The increase in loss from operating activities is largely due to:

- A decrease of \$802,798 in share-based compensation. Share-based compensation was \$Nil for the three months ended March 31, 2019 compared to \$802,798 for the three months ended March 31, 2018. The decrease is due to the no granting and vesting of stock options during the three months ended March 31, 2019, compared to the granting and vesting of 4,520,000 stock options during the three months ended March 31, 2018.
- A decrease of \$511,771 in exploration expenditures. Exploration expenditures were \$408,417 for the three months ended March 31, 2019 compared to \$920,188 for the three months ended March 31, 2018. The Company incurred costs related to NI 43-101 for the Amarillo Grande Project primarily focused on the Ivana property, as well as metallurgy, salaries and contractors' expenses during the three months ended March 31, 2019, compared to higher exploration expenditures including continuation of Phase 2 drilling program, expansion of the program to 4,500 metres from the initial 3,000 metres, as well as assays, salaries and contractors' expense at the Ivana property during the three months ended March 31, 2018.

The decrease was partially offset by:

- An increase of \$19,475 in management fees and salaries and employee benefits. Management fees and salaries and employee benefits were \$97,475 for the three months ended March 31, 2019 compared to \$78,000 for the three months ended March 31, 2018. The increase is due to an increase in corporate activity resulting in a greater amount charged for its usage relating to Grosso Group's costs during the three months ended March 31, 2019 compared to the three months ended March 31, 2018.

### **Other Items**

During the three months ended March 31, 2019, other expenses increased by \$30,342 to \$1,336 compared to other income of \$29,006 for the three months ended March 31, 2018. The increase in other items is largely due to:

- An increase of \$33,265 in foreign exchange loss. Foreign exchange loss was \$5,962 for three months ended March 31, 2019 compared to a foreign exchange gain of \$27,303 for the three months ended March 31, 2018. The increase is due to the fluctuation in foreign exchange rates and differing amounts of foreign currencies held during the three months ended March 31, 2019 compared to the three months ended March 31, 2018.

The loss and comprehensive loss for the three months ended March 31, 2019 was \$811,028 or \$0.01 per basic and diluted share compared to a net loss and comprehensive loss of \$2,065,442 or \$0.03 per basic and diluted share for the three months ended March 31, 2018.

## **Cash Flow**

### **Operating Activities**

Cash outflow from operating activities was \$785,678 for the three months ended March 31, 2019 compared to \$1,413,110 for the three months ended March 31, 2018. The decrease in cash outflow results from lower exploration expenditures partially offset by higher corporate administrative costs and changes in non-cash working capital balances due to timing of receipt and payment of cash compared to the prior period.

### **Investing Activities**

Cash outflow from investing activities was \$Nil for the for the three months ended March 31, 2019 compared to \$2,057 for the three months ended March 31, 2018, as a result of lower expenditures on mineral property interests during the three months ended March 31, 2019 compared to the three months ended March 31, 2018.

## Financing Activities

Cash inflow from financing activities was \$Nil for the three months ended March 31, 2019 compared to \$1,437,175 for the three months ended March 31, 2018. Proceeds from the issuance of common shares and warrants net of share issue costs were \$Nil for the three months ended March 31, 2019 compared to \$1,437,175 for the three months ended March 31, 2018.

## Balance Sheet

At March 31, 2019, the Company had total assets of \$844,578 which is a decrease of \$762,057 from the \$1,606,635 in total assets at December 31, 2018. The change is primarily due to a decrease in cash of \$785,678 partially offset by an increase in prepaid expenses of \$15,553.

## Selected Quarterly Financial Data

	2019	2018				2017		
	Mar. 31 \$	Dec. 31 \$	Sep. 30 \$	Jun. 30 \$	Mar. 31 \$	Dec. 31 \$	Sep. 30 \$	Jun. 30 \$
Revenues	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Net Loss	(811,028) <sup>(1)</sup>	(800,978) <sup>(2)</sup>	(969,845) <sup>(3)</sup>	(708,899) <sup>(4)</sup>	(2,065,442) <sup>(5)</sup>	(1,536,754) <sup>(6)</sup>	(1,099,147)	(1,052,409)
Net Loss per Common Share Basic and Diluted	(0.01)	(0.01)	(0.01)	(0.01)	(0.03)	(0.02)	(0.01)	(0.02)

- (1) Variance from prior quarter primarily driven by decrease in foreign loss of \$118,470 and accounting and audit of \$26,000, partially offset by an increase in corporate development and investor relations of \$67,402, exploration expenditures of \$39,493 and travel of \$22,287.
- (2) Variance from prior quarter primarily driven by decrease in exploration expenditures of \$415,693 and corporate development and investor relations of \$39,930, partially offset by an increase in foreign exchange loss of \$265,374.
- (3) Variance from prior quarter primarily driven by increase in exploration expenditures of \$506,375, partially offset by increase in foreign exchange gain of \$187,869.
- (4) Variance from prior quarter primarily driven by decrease in share-based compensation of \$802,798, exploration expenditures of \$641,946, partially offset by increase in foreign exchange loss of \$74,230.
- (5) Variance from prior quarter primarily driven by increase in share-based compensation of \$802,798, corporate development and investor relations of \$78,267, partially offset by decrease in exploration expenditures of \$394,831.
- (6) Variance from prior quarter primarily driven by increase in exploration expenditures of \$406,523, corporate development and investor relations of \$56,451, accounting and audit of \$18,000, partially offset by increase in foreign exchange gain of \$38,306.

## Liquidity and Capital Resources

The Company has experienced recurring operating losses and has an accumulated deficit of \$35,409,798 and shareholders' equity of \$652,013 at March 31, 2019. In addition, the Company has working capital of \$592,836 at March 31, 2019 and negative cash flow from operating activities of \$785,678. Working capital is defined as current assets less current liabilities and provides a measure of the Company's ability to settle liabilities that are due within one year with assets that are also expected to be converted into cash within one year. These factors create material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern. The Company's continued operations, as intended, are dependent upon its ability to raise additional funding to meet its obligations and commitments and to attain profitable operations. Management's plan in this regard is to raise equity financing as required. There are no assurances that the Company will be successful in achieving these goals. These condensed consolidated interim financial statements do not include adjustments to the amounts and classifications of assets and liabilities and reported expenses that might be necessary should the Company be unable to continue as a going concern, which could be material.

The Company's condensed consolidated interim financial statements for the three months ended March 31, 2019 do not include adjustments to the amounts and classifications of assets and liabilities and reported expenses that might be necessary should the Company be unable to continue as a going concern, which would be material.

The condensed consolidated interim financial statements for the three months ended March 31, 2019 have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to a going concern, which assume that the Company will realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

The Company's cash position at March 31, 2019 was \$507,401, a decrease of \$785,678 from the December 31, 2018 balance of \$1,293,079. The Company does not know of any trends, demand, commitments, events or uncertainties that will result in, or that are reasonably likely to result in, its liquidity either materially increasing or decreasing at present or in the foreseeable future. Material increases or decreases in liquidity are substantially determined by the success or failure of the exploration programs. The Company does not have any loans or bank debt and there are no restrictions on the use of its cash resources.

### **Capital Stock**

The Company's authorized share capital comprises an unlimited number of common shares. The common shares do not have a par value.

As at March 31, 2019, an aggregate of 109,788,717 common shares were issued and outstanding. As at the date of this report, 109,788,717 common shares were issued and outstanding.

#### *Details of Issues of Common Shares in 2019*

There were no share issuances during the three months ended March 31, 2019.

#### *Details of Issues of Common Shares in 2018*

On June 12, 2018, the Company closed a non-brokered private placement financing of 24,906,588 units at a price of \$0.14 per unit for gross proceeds of \$3,486,922. Each unit consists of one common share and one transferable common share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Company at \$0.30 per share for two years from the date of issue, expiring on June 11, 2020. Finders' fees were paid of \$132,260 cash and 944,709 non-transferable warrants exercisable into common shares at \$0.30 for two years from the date of issue. Fair value was calculated using the Black-Scholes pricing model and the following variables: risk-free interest rate – 1.89%; expected stock price volatility – 109.97%; dividend yield – 0%; and expected warrant life – 1.014 years.

On March 1, 2018, the Company closed a non-brokered private placement financing of 7,258,500 units at a price of \$0.20 per unit for gross proceeds of \$1,451,700. Each unit consists of one common share and one transferable common share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Company at \$0.35 per share for two years from the date of issue, expiring on February 28, 2020. The Company is entitled to accelerate the expiry date of the warrants if the five-day volume weighted average stock price of the Company trades \$0.75 or higher, then, on notice from the Company, the warrant holders will have 20 days to exercise their warrants; otherwise, the warrants will expire on the 21<sup>st</sup> day after the date of delivery of the notice. Finders' fees were paid of \$14,525 cash and 72,625 non-transferable warrants exercisable into common shares at \$0.35 for two years from the date of issue subject to the accelerated exercise provisions as set out above. Fair value was calculated using the Black-Scholes pricing model and the following variables: risk-free interest rate – 1.71%; expected stock price volatility – 112.85%; dividend yield – 0%; and expected warrant life – 0.98 years.

The following summarizes information about stock options outstanding and exercisable as at the date of this report:

Number of Shares		Exercise Price (CAD\$)	Expiry Date
Outstanding	Exercisable		
4,520,000	4,520,000	\$0.30	January 23, 2023
4,520,000	4,520,000		

The Company had the following warrants outstanding as at the date of this report:

Number of Warrants Outstanding	Exercise Price (CAD\$)	Expiry Date
4,180,966	\$0.50	September 19, 2019
5,940,064	\$0.30	December 19, 2020
7,331,125	\$0.35	February 28, 2020
25,851,297	\$0.30	June 11, 2020
43,303,452		

4,180,966 warrants that were set to expire on September 19, 2018 were extended to September 19, 2019 during the year ended December 31, 2018. These warrants were originally issued on September 19, 2016 as part of the units issued under a private placement completed by the Company on September 2016 and are also subject to an accelerator. The exercise price of the warrants remains at \$0.50.

5,940,064 warrants that were set to expire on December 19, 2018 were extended to December 19, 2020 during the year ended December 31, 2018. These warrants were originally issued on December 19, 2017 as part of the units issued under a private placement completed by the Company on December 19, 2017 and are also subject to an accelerator. The exercise price of the warrants remains at \$0.30.

## **Commitment**

### *Management Services Agreement*

Grosso Group provides its member companies with administrative and management services. The member companies pay monthly fees to Grosso Group on a cost recovery basis. The fee is based upon a pro-rating of Grosso Group's costs including its staff and overhead costs among the member companies. The current fee is \$19,365 per month. This fee is reviewed and adjusted quarterly based on the level of services required.

The table below represents the Company's aggregate commitment to Grosso Group over the term of the Management Services Agreement.

	1 Year	2 Years	3 Years	4-5 Years	More than 5 Years
	\$	\$	\$	\$	\$
Management Services Agreement	174,285	406,665	-	-	-

## **Off-Balance Sheet Arrangements**

The Company does not utilize off-balance sheet arrangements.

## **Related Party Transactions**

### *Grosso Group Management Ltd.*

On April 1, 2010, the Company entered into a Management Services Agreement ("Agreement") with Grosso Group Management Ltd. (Grosso Group) to provide services and facilities to the Company. Grosso Group provides its member companies with administrative and management services. The member companies pay monthly fees to Grosso Group on a cost recovery basis. The fee is based upon a pro-rating of Grosso Group's costs including its staff and overhead costs among the member companies. The fee is reviewed and adjusted quarterly based on the level of services required. The Agreement expired on December 31, 2018 and was automatically renewed for a period of two years pursuant to the terms of the Agreement.

The Agreement contains termination and early termination fees in the event the services are terminated by the Company. The termination fee includes three months of compensation and any contractual obligations that Grosso Group undertook for the Company, up to a maximum of \$750,000. The early termination fees are the aggregate of the termination fee in addition to the lesser of the monthly fees calculated to the end of the term and the monthly fees calculated for eighteen months, up to a maximum of \$1,000,000.

	Three months ended March 31,	
	2019	2018
	\$	\$
<b>Transactions</b>		
Services rendered:		
Grosso Group Management Ltd.		
Management fees	45,200	42,000
Office & sundry	17,650	15,600
Total for services rendered	62,850	57,600

## Key management personnel compensation

Key management personnel of the company are members of the Board of Directors, as well as the Executive Chairman, President and CEO, CFO and Vice President of Corporate Development.

			Three months ended March 31,	
			2019	2018
<b>Transactions</b>			\$	\$
Share-based compensation			-	408,503
Consulting, salaries and professional fees to key management or their consulting corporations:				
Nikolaos Cacos	President/CEO/Director	Salaries and employee benefits	16,000	15,000
Darren Urquhart	CFO	Salaries and employee benefits	3,000	3,000
David Terry	Director/Consultant	Salaries and employee benefits	25,275	12,000
Joseph Grosso	Director/Consultant	Professional fees	12,500	12,500
Total for services rendered			56,775	451,003

			Three months ended March 31,	
			2019	2018
<b>Transactions</b>			\$	\$
Amounts owed to related parties				
Payable to Golden Arrow Resources Corp. <sup>(1)</sup>			16,152	14,420
Nikolaos Cacos, President/CEO/Director			-	10,854
Total shared costs included in accounts payable			16,152	25,274

(1) A company related through common directors that receives reimbursement for shared office costs and overhead.

## Critical Accounting Estimates and Recent Accounting Pronouncements

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the period. Actual results may differ from these estimates.

Reference should be made to the Company's significant accounting policies contained in Note 2 of the Company's condensed consolidated interim financial statements for the three months ended March 31, 2019. These accounting policies can have a significant impact on the financial performance and financial position of the Company.

### *Changes in Accounting Standards*

The Company has adopted these accounting standards effective January 1, 2019. The adoption of these accounting standards had no significant impact on the consolidated financial statements. These standards are:

IFRS 16 – *Leases*

## Financial Instruments

The Company thoroughly examines the various financial instrument risks to which it is exposed and assesses the impact and likelihood of those risks. These risks may include credit risk, liquidity risk, currency risk, and interest rate risk.

### *Credit risk*

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Financial instruments that potentially subject the Company to credit risk consist of cash and accounts receivable. The Company has reduced its credit risk by depositing its cash and short-term investments with financial institutions that operate globally. Therefore, the Company is not exposed to significant credit risk and overall the Company's credit risk has not changed significantly from the prior year.

### ***Liquidity risk***

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The Company has in place a planning and budgeting process to help determine the funds required to ensure the Company has the appropriate liquidity to meet its operating and growth objectives. The Company has historically relied on issuance of shares and warrants to fund exploration programs and may require doing so again in the future.

### ***Market risk***

#### ***(i) Currency risk***

Financial instruments that impact the Company's net earnings or other comprehensive income due to currency fluctuations include: cash, accounts receivable and accounts payable all denominated in United States dollars and Argentinean pesos. A 10% change in US dollar and the Argentinean peso exchange rates relative to Canadian dollar would have insignificant impact on the Company's net and comprehensive loss:

- A 10% change in the US dollar exchange rate relative to the Canadian dollar would change the Company's net loss by approximately \$800.
- A 10% change in the Argentinean peso exchange rate relative to the Canadian dollar would change the Company's net loss by approximately \$2,700.

#### ***(ii) Interest rate risk***

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The fair value of cash approximates its carrying values due to the immediate or short-term maturity of this financial instrument. Other current financial assets and liabilities are not exposed to interest rate risk because they are non-interest bearing or have prescribed interest rates.

### **Capital Management**

The Company's objectives of capital management are intended to safeguard the entity's ability to support the Company's normal operating requirements on an ongoing basis, continue the development and exploration of its mineral properties and support any expansionary plans. The capital structure of the Company consists of equity attributable to common shareholders, comprised of issued capital, reserves and deficit. The Company manages the capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of the Company's assets.

To effectively manage the entity's capital requirements, the Company has in place a planning and budgeting process to help determine the funds required to ensure the Company has the appropriate liquidity to meet its operating and growth objectives. The Company has historically relied on issuance of shares to develop its mineral projects and may require doing so again in the future. The Company is monitoring market conditions to secure funding at the lowest cost of capital. The Company is exposed to various funding and market risks which could curtail its access to funds. The Company is not subject to any external covenants. There were no changes in the Company's approach to capital management during the three months ended March 31, 2019.

### **Risk Factors and Uncertainties**

The Company's operations and results are subject to a number of different risks at any given time. These factors, include but are not limited to disclosure regarding exploration, additional financing, project delay, titles to properties, price fluctuations and share price volatility, operating hazards, insurable risks and limitations of insurance, management, foreign country and regulatory requirements, currency fluctuations and environmental regulations risks. Exploration for mineral resources involves a high degree of risk. The cost of conducting programs may be substantial and the likelihood of success is difficult to assess. A number of the risks and uncertainties are discussed below:

*History of losses:* The Company has historically incurred losses as evidenced by its consolidated financial statements for the three months ended March 31, 2019 and 2018. The Company has financed its operations principally through the sale of its equity securities. The Company does not anticipate that it will earn any revenue from its operations until its properties are placed into production, if ever. If the Company is unable to place its properties into production, the Company may never realize revenues from operations, will continue to incur losses and you may lose the value of your investment.

*Joint ventures and other partnerships:* The Company may seek joint venture partners to provide funding for further work on any or all of its other properties. Joint ventures may involve significant risks and the Company may lose any investment it makes in a joint venture. Any investments, strategic alliances or related efforts are accompanied by risks such as:

1. the difficulty of identifying appropriate joint venture partners or opportunities;
2. the time the Company's senior management must spend negotiating agreements, and monitoring joint venture activities;
3. the possibility that the Company may not be able to reach agreement on definitive agreements, with potential joint venture partners;
4. potential regulatory issues applicable to the mineral exploration business;
5. the investment of the Company's capital or properties and the loss of control over the return of the Company's capital or assets;
6. the inability of management to capitalize on the growth opportunities presented by joint ventures; and
7. the insolvency of any joint venture partner.

There are no assurances that the Company would be successful in overcoming these risks or any other problems encountered with joint ventures, strategic alliances or related efforts.

*Unexpected delays:* The Company's minerals business will be subject to the risk of unanticipated delays including permitting its contemplated projects. Such delays may be caused by fluctuations in commodity prices, mining risks, difficulty in arranging needed financing, unanticipated permitting requirements or legal obstruction in the permitting process by project opponents. In addition to adding to project capital costs (and possibly operating costs), such delays, if protracted, could result in a write-off of all or a portion of the carrying value of the delayed project.

*Potential conflicts of interest:* Several of the Company's directors are also directors, officers or shareholders of other companies. Such associations may give rise to conflicts of interest from time to time. Such a conflict poses the risk that the Company may enter into a transaction on terms which could place the Company in a worse position than if no conflict existed. The directors of the Company are required by law to act honestly and in good faith with a view to the best interest of the Company and to disclose any interest which they may have in any project or opportunity of the Company. However, each director has a similar obligation to other companies for which such director serves as an officer or director. The Company has no specific internal policy governing conflicts of interest.

*Competition with larger, better capitalized competitors:* The mining industry is competitive in all of its phases. The Company faces strong competition from other mining companies in connection with the acquisition of properties producing, or capable of producing, base and precious metals. Many of these companies have greater financial resources, operational experience and technical capabilities than the Company. As a result of this competition, the Company may be unable to maintain or acquire attractive mining properties on terms it considers acceptable or at all. Consequently, the Company's revenues, operations and financial condition could be materially adversely affected.

*The Company does not intend to pay dividends:* The Company has not paid out any cash dividends to date and has no plans to do so in the immediate future. As a result, an investor's return on investment will be solely determined by his or her ability to sell common shares in the secondary market.

*Title Risk:* Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

*Price Risk:* The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company's property has exposure to predominantly uranium. The prices of these metals, especially uranium, greatly affect the value of the Company and the potential value of its property and investments.

*Financial Markets:* The Company is dependent on the equity markets as its sole source of operating working capital and the Company's capital resources are largely determined by the strength of the junior resource markets and by the status of the Company's projects in relation to these markets, and its ability to compete for the investor support of its projects.

*Political Risk:* Exploration is presently carried out in the Argentina and is currently being reviewed worldwide. This exposes the Company to risks that may not otherwise be experienced if all operations were domestic. Political risks may adversely affect the Company's potential projects and operations. Real and perceived political risk in some countries may also affect the Company's ability to finance exploration programs and attract joint venture partners, and future mine development opportunities.

*Credit Risk:* Credit risk is the risk of an unexpected loss of a third party to a financial instrument fails to meet its contractual obligations. The Company is subject to credit risk on cash. The Company limits its exposure to credit loss by placing its cash with major financial institutions.

*Liquidity Risk:* Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they are due. The Company ensures that there is sufficient capital in order to meet short-term business requirements, after taking into account the Company's holdings of cash. The Company raises capital through equity issues and its ability to do so is dependent on a number of factors including market acceptance, stock price and exploration results. The Company's cash is invested in bank accounts.

*Interest Risk:* The Company's bank accounts do not earn interest income. Cash bears no interest. The fair value of cash approximates its carrying values due to the immediate or short-term maturity of this financial instrument.

*Currency Risk:* Business is transacted by the Company in a number of currencies. Fluctuations in exchange rates may have a significant effect on the cash flows of the Company. Future changes in exchange rates could materially affect the Company's results in either a positive or negative direction.

*Community Risk:* The Company has negotiated with the local communities on its mineral property concessions for access to facilitate the completion of geological studies and exploration work programs. The Company's operations could be significantly disrupted or suspended by activities such as protests or blockades that may be undertaken by such certain groups or individuals within the community.

*Environmental Risk:* The Company seeks to operate within environmental protection standards that meet or exceed existing requirements in the countries in which the Company operates. Present or future laws and regulations, however, may affect the Company's operations. Future environmental costs may increase due to changing requirements or costs associated with exploration and the developing, operating and closing of mines. Programs may also be delayed or prohibited in some areas. Although minimal at this time, site restoration costs are a component of exploration expenses.

### **Disclosure Controls and Procedures and Internal Control over Financial Reporting**

On November 23, 2007, the British Columbia Securities Commission exempted Venture Issuers from the requirement to certify disclosure controls and procedures, as well as, Internal Controls over Financial Reporting as of December 31, 2007, and thereafter. The Company is a Venture Issuer; therefore it files the venture issuer basic certificates. The Company makes no assessment relating to establishment and maintenance of disclosure controls and procedures as defined under National Instrument 52-109 as at March 31, 2019.

### **Additional Information**

Additional information relating to the Company, including news releases, financial statements and prior MD&A filings, is available on SEDAR at [www.sedar.com](http://www.sedar.com).

The investor relations program is focused on shareholder communications, corporate development and building the Company an active following of investment professionals in Canada, US and Europe. The Company also maintains a website at [www.blueskyuranium.com](http://www.blueskyuranium.com).