

BLUE SKY URANIUM CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

Background

This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the audited consolidated financial statements of Blue Sky Uranium Corp. ("Blue Sky" or "the Company") for the year ended December 31, 2016 and 2015 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 April 20, 2017.

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 km² 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 the Argentina's leading uranium exploration companies with more than 4,000 km² 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 km² 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 km²) of properties in the two provinces. The exploration focus is on surficial (calcrete-type), as well as sandstone-type (roll front) uranium targets. A brief description of the Company's material projects follows.

Rio Negro Province

Amarillo Grande Project

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 287,000 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, approximately 65 kilometres south of the town of Villa Regina. Villa Regina has the fifth largest population in the province of Rio Negro with approximately 28,000 inhabitants. The area is flat-lying, semi-arid and accessible year round, with nearby rail, power and port access.

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 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.

Geologic Potential: The Amarillo Grande Project has discovery potential for both Surficial and Sandstone-type uranium deposits. Most of the mineralization found on the properties to date has the characteristics of Surficial Uranium Deposits in which uranium occurs in sediments or soils of relatively young age (Tertiary to Recent) in association with secondary carbonate minerals that form lenses or blankets of calcrete. However, these types of secondary deposits are interpreted as being potentially sourced from earlier-formed Sandstone-type uranium deposits that are expected to be preserved at depth. Surficial calcrete 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, $K_2(UO_2)_2(VO_4)_2 \cdot 3H_2O$.

2016 Exploration: On July 11th, 2016, the Company announced that it had engaged Mr. Guillermo Pensado as a Technical Consultant. Mr. Pensado is spearheading a new exploration campaign on the Amarillo Grande Project that is focused on delineating uranium resources at the Company's Rio Negro uranium discoveries that could support an integrated low-cost surficial mining operation.

The first exploration program initiated in 2016 was designed to delineate mineralization across the district in greater detail and to identify extensions and new targets, both near surface and at depth. The Company completed standardization of the project database, applied for updated work permits on all three properties, and had its technical consultants re-assess and refine the project's geologic model prior to the end of the year. Exploration permits were received and a surface geophysical program was initiated to refine targets for a 10,000 metre RC drilling program. The pole-dipole electrical tomography (ET) method was previously tested at the Anit area, and successfully identified paleo-channels that were previously known, and which host well documented surficial uranium mineralization.

Subsequent Events:

The 15-line kilometre ET geophysical survey was completed using a 15 metre array, including four lines totaling 9.5 kilometres at the Ivana area, two lines totaling 3 kilometres at Anit and one line of 2.5 kilometres at Santa Barbara. Conductive anomalies interpreted as paleo-channels were identified on every line surveyed. Interpreted paleo-channels are wider and thicker than previously modeled for the project and reach over 3,500 metres width and 50 metres thickness, in some cases, remaining open in many cases.

In late January 2017, the Company announced the commencement of a Phase 1, 3,050 metre reverse circulation (“RC”) drilling program at the Amarillo Grande project. The drilling program was designed to evaluate the potential for near-surface uranium deposits, and is the first phase of an overall 10,000 metre program to prepare for potential resource estimation in 2017. Targets for the drilling program were chosen based on the geological model that was adjusted by the results of the previously completed geophysical program. Approximately 166 holes were planned, with an average estimated depth of drilling between 10 and 45 metres. (*See News Release dated January 26, 2017 for details.*)

In addition to the on-going exploration work, the field team has hosted the Mining Secretary of Rio Negro, Señor Juan Pablo Espínola, at site at the end of January. Sr. Espínola reported being pleased with both the working standards and the Company’s relationships with landowners. Also in January, Dr. Jon Thorson, a well-respected geological consultant specializing in exploration for mineral deposits in sedimentary basins, conducted an on-site review of the Amarillo Grande project along with Company Technical Advisor, Jorge Berizzo. The review provided additional insight into controls to uranium mineralization at the project which will be incorporated into the current program.

Chubut Province

Sierra Colonia Project

Location and Ownership: The Company has exclusive rights to the more than 27,900 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: The Company is currently evaluating strategic alternatives to advance the Sierra Colonia Project.

Tierras Coloradas Project

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

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.

Selected Annual Financial Information

The following selected consolidated financial information is derived from the audited consolidated financial statements and notes thereto.

	Years Ended December 31,		
	2016	2015	2014
	\$	\$	\$
Total revenue	Nil	Nil	Nil
Net loss and comprehensive loss for the year	(1,329,004) ⁽¹⁾	(252,222) ⁽²⁾	(3,527,342)
Loss per share – basic and diluted	(0.06)	(0.07)	(1.07)
Total assets	1,721,119	53,143	98,749

(1) Variance from 2015 primarily driven by increase in exploration expense of \$683,419 and an increase in corporate development and investor relations expense of \$121,856.

(2) Variance from 2014 primarily driven by decrease in write-off of mineral property interests of \$2,733,916.

Results Of Operations – For The Year Ended December 31, 2016 Compared To The Year Ended December 31, 2015

Loss from operating activities

During the year ended December 31, 2016, loss from operating activities increased by \$1,077,017 to \$1,291,105 compared to \$214,088 for the year ended December 31, 2015. The increase in loss from operating activities is largely due to:

- An increase of \$683,419 in exploration expenditures. Exploration expenditures were \$746,558 for year ended December 31, 2016 compared to \$63,139 for the year ended December 31, 2015. The Company completed a 15 line-kilometre geophysical survey at three main exploration areas of the Amarillo Grande Uranium Project in Reo Negro Province Argentina and incurred expenditures relating to property maintenance payments, office and employment related costs during the year ended December 31, 2016 compared to lower exploration expenditures as a result of a significant curtailment in exploration activity during the year ended December 31, 2015.

- An increase of \$128,300 in management fees and salaries and employee benefits. Management fees and salaries and employee benefits were \$188,300 for year ended December 31, 2016 compared to \$60,000 for year ended December 31, 2015. 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 and one-time bonus of \$27,000 paid to the Chief Financial Officer and \$25,200 paid to a director of the Company for geological consulting services during the year ended December 31, 2016 compared to lower management fees and salaries and employee benefits as a result of reduced corporate activity and no one-time performance bonuses paid during the year ended December 31, 2015.
- An increase of \$121,856 in corporate development and investor relations. Corporate development and investor relations were \$128,090 for the year ended December 31, 2016 compared to \$6,234 for the year ended December 31, 2015. The increase is due to a greater number of activities relating to promotion of the Company's projects during the year ended December 31, 2016 compared to a fewer number of activities relating to promotion of the Company's projects during the year ended December 31, 2015.
- An increase of \$70,250 in transfer agent and regulatory fees. Transfer agent and regulatory fees were \$82,424 for the year ended December 31, 2016 compared to \$12,174 in 2015 as a result of increased regulatory costs incurred in connection with the Company's completed non-brokered private placements and undertaking of its stock listing on the OTCQB exchange during the year ended December 31, 2016 compared to less regulatory cost incurred due to reduced corporate activity during the year ended December 31, 2015.

The net loss and comprehensive loss for the year ended December 31, 2016 was \$1,329,004 or \$0.06 per basic and diluted share compared to a net loss and comprehensive loss of \$252,222 or \$0.07 per basic and diluted share for the year ended December 31, 2015.

Cash Flow

Operating Activities

Cash outflow from operating activities was \$1,622,835 for the year ended December 31, 2016 compared to \$92,110 for the year ended December 31, 2015. The increase in cash outflow results from higher exploration expenditures and corporate and administrative cash 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 \$7,150 for the year ended December 31, 2016 compared to \$Nil for the year ended December 31, 2015 as a result of expenditures on property and equipment.

Financing Activities

Cash inflow from financing activities was \$3,103,128 for the year ended December 31, 2016 compared to \$43,500 for the year ended December 31, 2015. Proceeds from the issuance of common shares and warrants were \$3,488,767 partially offset by \$25,354 in share issue costs for the year ended December 31, 2016 compared to no similar financing activities for the year ended December 31, 2015. Proceeds from the issuance of loans payable were \$96,000 for the year ended December 31, 2016 compared to \$43,500 for the year ended December 31, 2015. Repayment of loans payable and finance expense was \$429,000 for the year ended December 31, 2016 compared to \$Nil in repayment of loans during the year ended December 31, 2015. Interest paid was \$59,335 for the year ended December 31, 2016 compared to \$Nil in repayment of interest during the year ended December 31, 2015. Proceeds from warrant exercises were \$32,050 for the year ended December 31, 2016 compared to no warrants exercised for the year ended December 31, 2015.

Results Of Operations – For The Three Months Ended December 31, 2016 Compared To The Three Months Ended December 31, 2015

Loss from operating activities

During the three months ended December 31, 2016, loss from operating activities increased by \$631,548 to \$667,870 compared to \$36,322 for the three months ended December 31, 2015. The increase in loss from operating activities is largely due to:

- An increase of \$372,527 in exploration expenditures. Exploration expenditures were \$382,896 for the three months ended December 31, 2016 compared to \$10,369 for the three months ended December 31, 2015. The Company completed a 15 line-kilometre geophysical survey at three main exploration areas of the Amarillo Grande Uranium Project in Reo Negro Province Argentina during the three months ended December 31, 2016 compared to lower exploration expenditures as a result of a significant curtailment in exploration activity during the three months ended December 31, 2015.
- An increase of \$45,500 in management fees and salaries and employee benefits. Management fees and salaries and employee benefits were \$60,500 for the three months ended December 31, 2016 compared to \$15,000 for the three months ended December 31, 2015. 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 December 31, 2016 compared to lower management fees and salaries and employee benefits as a result of reduced corporate during the three months ended December 31, 2015.
- An increase of \$84,459 in corporate development and investor relations. Corporate development and investor relations were \$85,275 for the three months ended December 31, 2016 compared to \$816 for the three months ended December 31, 2015. The increase is due to a greater number of activities relating to promotion of the Company's projects during the three months ended December 31, 2016 compared to a fewer number of activities relating to promotion of the Company's projects during the three months ended December 31, 2015.
- An increase of \$50,866 in transfer agent and regulatory fees. Transfer agent and regulatory fees were \$51,186 for the three months ended December 31, 2016 compared to \$320 for the three months ended December 31, 2015 as a result of increased regulatory costs incurred in connection with the Company's undertaking of its stock listing on the OTCQB exchange during the three months ended December 31, 2016 compared to less regulatory costs incurred due to reduced corporate activity during the three months ended December 31, 2015.
- An increase of \$38,625 in share-based compensation. Share-based compensation was \$38,625 for the three months ended December 31, 2016 compared to \$Nil for the three months ended December 31, 2015. The increase is due to incremental vesting of 300,000 stock options granted during the three months ended December 31, 2016 compared to no vesting of stock options during the three months ended December 31, 2015.

The net loss and comprehensive loss for the three months ended December 31, 2016 was \$667,870 or \$0.02 per basic and diluted share compared to a net loss and comprehensive loss of \$44,216 or \$0.01 per basic and diluted share for the three months ended December 31, 2015.

Balance Sheet

At December 31, 2016, the Company had total assets of \$1,721,119 which is an increase of \$1,667,976 from the \$53,143 in total assets at December 31, 2015. The change is mainly due to an increase in cash and prepaid expenses during the year ended December 31, 2016.

Selected Quarterly Financial Data

	2016				2015			
	Dec. 31 \$	Sep. 30 \$	Jun. 30 \$	Mar. 31 \$	Dec. 31 \$	Sep. 30 \$	Jun. 30 \$	Mar. 31 \$
Revenues	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Net Loss	(667,870) ⁽¹⁾	(313,961)	(279,787)	(67,386)	(44,216)	(55,210)	(69,164)	(83,632)
Net Loss per Common Share Basic and Diluted	(0.02)	(0.01)	(0.02)	(0.02)	(0.01)	(0.02)	(0.02)	(0.02)

(1) Variance primarily driven by increase in exploration expenditures of \$372,527.

Liquidity and Capital Resources

The Company has experienced recurring operating losses and has an accumulated deficit of \$25,252,756 and shareholders' equity of \$1,495,588 at December 31, 2016. In addition, the Company has a working capital of \$1,456,034 at December 31, 2016 and negative cash flow from operating activities of \$1,622,835. 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 (as disclosed in Note 1 of the Company's audited consolidated financial statements for the year ended December 31, 2016) 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.

The Company's audited consolidated financial statements for the year ended December 31, 2016 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 audited consolidated financial statements for the year ended December 31, 2016 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 December 31, 2016 was \$1,478,284, an increase of \$1,473,143 from the December 31, 2015 balance of \$5,141. 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. All issued shares are fully paid, except for 65,789 common shares, which were cancelled subsequent to December 31, 2016.

As at December 31, 2016, an aggregate of 46,003,954 common shares were issued and outstanding. As at the date of this report, 48,990,415 common shares were issued and outstanding.

Details of Issues of Common Shares in 2016

On July 5, 2016, the Company completed a non-brokered private placement financing of 38,000,000 units at a price of \$0.05 per unit for gross proceeds of \$1,900,000. Each unit consists of one common share and one transferrable common share purchase warrant. Each warrant entitles the holder thereof to purchase one additional common share in the capital of the Company at \$0.10 per share for one year from the date of issue of the warrant. The units bear a legend for automatic timed release free trading in three installments: (1) 15% of the units four months from the issue; (2) 35% of the units six months from issue; and (3) 50% of the units ten months from the issue. The Company is entitled to accelerate the expiry date of the warrants if the 10-day volume weighted average stock price of the Company trades \$0.25 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 21st day. Finder's fees were \$17,982 in cash and 378,000 non-transferable warrants exercisable into common shares at \$0.10 for one year from the date of issue subject to the same legend for automatic timed release free trading and accelerated exercise provisions as set out above. Fair value was calculated using the following Black-Scholes pricing model variables: risk-free interest rate – 0.49%; expected stock price volatility – 184.49%; dividend yield – 0%; and expected warrant life – 0.577 years.

On September 19, 2016, the Company completed a non-brokered private placement financing of 4,246,755 units at a price of \$0.38 per unit for gross proceeds of \$1,613,767. Each unit consists of one common share and one transferrable common share purchase warrant. Each warrant entitles the holder thereof to purchase one additional common share in the capital of the Company at \$0.50 per share for two years from the date of issue of the warrant. The Company is entitled to accelerate the expiry date of the warrants if the 10-day volume weighted average stock price of the Company trades \$0.80 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 21st day. Finder's fees were \$7,372 in cash and 141,386 non-transferable warrants exercisable into common shares at \$0.50 for two years from the date of issue. Fair value was calculated using the following Black-Scholes pricing model variables: risk-free interest rate – 0.58%; expected stock price volatility – 175.04%; dividend yield – 0%; and expected warrant life – 0.705 years.

During the year ended December 31, 2016, 320,500 warrants were exercised for gross proceeds of \$32,050.

As at December 31, 2016, \$25,000 in private placement proceeds was not collected. See events after the reporting period for further information.

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		
93,500	93,500	\$1.20	September 24, 2017
300,000	150,000	\$0.25	November 17, 2018
250,000	62,500	\$0.30	March 9, 2020
643,500	306,000		

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

Number of Warrants Outstanding	Exercise Price (CAD\$)	Expiry Date
35,002,750	\$0.10	July 4, 2017
4,322,352	\$0.50	September 19, 2018
39,325,102		

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 \$14,600 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	175,200	350,400	-	-	-

Off-Balance Sheet Arrangements

The Company does not utilize off-balance sheet arrangements.

Related Party Transactions

A number of key management personnel, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of the entities outlined below.

The following entities transacted with the Company in the reporting period. The terms and conditions of the transactions with key management personnel and their related parties were no more favorable than those available, or which might reasonably be expected to be available, on similar transactions to non-key management personnel related entities on an arm's length basis. The aggregate value of transactions relating to key management personnel and entities over which they have control or significant influence were as follows:

Key Management Personnel Compensation

	Year ended December 31, 2016			Year ended December 31, 2015		
	Salaries \$	Other \$	Total \$	Salaries \$	Other \$	Total \$
Compensation						
Chief Executive Officer	60,000	-	60,000	60,000	-	60,000
Chief Financial Officer	6,000	27,000	33,000	-	-	-
Total	66,000	27,000	93,000	60,000	-	60,000

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, 2016 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.

	Year ended December 31,	
	2016	2015
Transactions	\$	\$
Services rendered:		
Grosso Group Management Ltd.		
Management fees	62,100	-
Information technology	1,800	-
Office & sundry	6,600	-
Total for services rendered	70,500	-

At December 31, 2016, the Company had \$Nil (December 31, 2015 - \$50,500) included in accounts payable and accrued liabilities to Grosso Group.

Mr. Joseph Grosso

Mr. Joseph Grosso is the controlling shareholder of Grosso Group Management Ltd.

Oxbow International Marketing Corp. (“Oxbow”) is a private company controlled by Mr. Joseph Grosso. For the year ended December, 2016, Oxbow was paid \$50,000 (December 31, 2015 - \$50,000) for management consulting services. Amounts paid to Oxbow are classified as professional fees in the consolidated statements of loss and comprehensive loss.

At December 31, 2016, the Company had \$Nil (December 31, 2015 - \$90,708) included in accounts payable and accrued liabilities to Oxbow.

At December 31, 2016, the Company has \$Nil (December 31, 2015 - \$83,500) included in loans payable, \$Nil (December 31, 2015 - \$8,339) in interest payable and \$Nil (December 31, 2015 - \$16,700) in finance expenses included in accounts payable and accrued liabilities to Mr. Joseph Grosso. The Company repaid the principal balances of all of the Company’s loans received from Mr. Joseph Grosso together with the arrangement fees and all accrued and unpaid interest totaling \$232,265 during the year ended December 31, 2016.

Dr. David Terry

Vinland Holdings Ltd. (“Vinland Holdings”) is a private company controlled by Dr. David Terry, a director of the Company. For the year ended December 31, 2016, Vinland Holdings was paid \$33,200 (December 31, 2015 - \$Nil) for geological services. Amounts paid to Vinland Holdings are classified as salaries in the consolidated statements of loss and comprehensive loss.

At December 31, 2016, the Company had \$4,200 (December 31, 2015 - \$Nil) included in accounts payable and accrued liabilities to Vinland.

Mr. Nikolaos Cacos

Cacos Consulting Ltd. (“Cacos Consulting”) is a private company controlled by Mr. Nikolaos Cacos, director and officer of the Company. For the year ended December 31, 2016, Cacos Consulting was paid \$60,000 (December 31, 2015 - \$60,000) for CEO services. Amounts paid to Cacos Consulting are classified as salaries in the consolidated statements of loss and comprehensive loss.

Other

At December 31, 2016, the Company had severance of \$Nil (December 31, 2015 - \$27,500) included in accounts payable and accrued liabilities to Mr. Sean Hurd, former director and CEO of the Company.

At December 31, 2016, the Company had \$5,580 (December 31, 2015 - \$Nil) included in accounts payable and accrued liabilities to Golden Arrow Resources Corp., a company with common directors.

Loans Payable

At December 31, 2016, the Company did not have any loans payable. The Company repaid the principal balances of all of the Company’s loans received together with the arrangement fees and all accrued and unpaid interest totaling \$488,335 during the year ended December 31, 2016. See Related Party Balances and Transactions (Note 7) for further information.

During the year ended December 31, 2016, the Company received the following loans payable:

	December 31, 2016		
	Maturity	Currency	Amount
Unsecured, 12% annual interest rate	On demand	Canadian dollar	\$96,000
			<u>\$96,000</u>

At December 31, 2015, the Company has the following loans payable:

	December 31, 2015		
	Maturity	Currency	Amount
Unsecured, 12% annual interest rate	On demand	Canadian dollar	\$140,000
Unsecured, 12% annual interest rate	On demand	Canadian dollar	\$38,000
Unsecured, 12% annual interest rate	On demand	Canadian dollar	\$40,000
Unsecured, 12% annual interest rate	On demand	Canadian dollar	\$30,000
Unsecured, 12% annual interest rate	On demand	Canadian dollar	\$13,500
			<u>\$261,500</u>

\$140,000 Unsecured, 12% annual interest rate

On May 27, 2014 the Company received an advance for working capital purposes in the amount of \$60,000 from an arm's length private B.C. Company. On July 21, 2014, the Company received an additional \$80,000 and entered into a loan agreement with the lender. The principal amount of the loan is used for working capital purposes and bears interest at the rate of 12% per annum. The principal balance of the loan, together with all accrued and unpaid interest thereon are due and payable in full on demand. As additional consideration for providing the loan, the Company will pay to the lender an arrangement fee in an amount equal to 20% of the principal amount of the loan totaling \$28,000. Such amount is payable at the election of the lender in cash or common shares, or a combination of both. Payment of all or any part of the arrangement fee in common shares is subject to TSX Venture Exchange approval.

\$38,000 Unsecured, 12% annual interest rate

On September 17, 2014, the Company entered into a loan agreement with an arm's length private B.C. Company. The principal amount of the loan is used for working capital purposes and bears interest at the rate of 12% per annum. The principal balance of the loan, together with all accrued and unpaid interest thereon are due and payable in full on demand. As additional consideration for providing the loan, the Company will pay to the lender an arrangement fee in an amount equal to 20% of the principal amount of the loan totaling \$7,600. Such amount is payable at the election of the lender in cash or common shares, or a combination of both. Payment of all or any part of the arrangement fee in common shares is subject to TSX Venture Exchange approval.

\$40,000 Unsecured, 12% annual interest rate

On December 18, 2014, the Company entered into a loan agreement with a non-arm's length lender. The principal amount of the loan is used for working capital purposes and bears interest at the rate of 12% per annum. The principal balances of the loan, together with all accrued and unpaid interest thereon are due and payable in full on demand. As additional consideration for providing the loan, the Company will pay to the lender an arrangement fee in an amount equal to 20% of the principal amount of the loan totaling \$8,000. Such amount is payable at the election of the lender in cash or common shares, or a combination of both. Payment of all or any part of the arrangement fee in common shares is subject to TSX Venture Exchange approval.

\$30,000 Unsecured, 12% annual interest rate

On March 10, 2015, the Company entered into a loan agreement with a non-arm's length lender. The principal amount of the loan is used for working capital purposes and bears interest at the rate of 12% per annum. The principal balance of the loan, together with all accrued and unpaid interest thereon shall become due and payable in full on demand. As additional consideration for providing the loan, the Company will pay to the lender an arrangement fee in an amount equal to 20% of the principal amount of the loan totaling \$6,000. Such amount is payable at the election of the lender in cash or common shares, or a combination of both. Payment of all or any part of the arrangement fee in common shares is subject to TSX Venture Exchange approval.

\$13,500 Unsecured, 12% annual interest rate

On September 21, 2015, the Company entered into a loan agreement with a non-arm's length lender. The principal amount of the loan is used for working capital purposes and bears interest at the rate of 12% per annum. The principal balance of the loan, together with all accrued and unpaid interest thereon shall become due and payable in full on demand. As additional consideration for providing the loan, the Company will pay to the lender an arrangement fee in an amount equal to 20% of the principal amount of the loan totalling \$2,700. Such amount is payable at the election of the lender in cash or common shares, or a combination of both. Payment of all or any part of the arrangement fee in common shares is subject to TSX Venture Exchange approval.

\$96,000 Unsecured, 12% annual interest rate

On March 7, 2016, the Company entered into a loan agreement with a non-arm's length lender. The principal amount of the loan is used for working capital purposes and bears interest at the rate of 12% per annum. The principal balance of the loan, together with all accrued and unpaid interest thereon shall become due and payable in full on demand. As additional consideration for providing the loan, the Company will pay to the lender an arrangement fee in an amount equal to 20% of the principal amount of the loan totalling \$19,200. Such amount is payable at the election of the lender in cash or common shares, or a combination of both. Payment of all or any part of the arrangement fee in common shares is subject to TSX Venture Exchange approval.

All loans payable were repayable in whole or in part at any time, without notice or penalty.

Events After The Reporting Period

Warrants

- 3,054,750 warrants were exercised at a price of \$0.10 per warrant for gross proceeds of \$305,475.
- 65,789 warrants with an exercise price of \$0.50 were cancelled.

Stock Options

- 250,000 stock options were granted with an exercise price of \$0.30.

Share Capital

- 65,789 common shares were cancelled for uncollected private placement proceeds of \$25,000.

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 consolidated financial statements for the year ended December 31, 2016. These accounting policies can have a significant impact on the financial performance and financial position of the Company.

Foreign currencies

The presentation and functional currency of the Company and its subsidiaries is the Canadian dollar. Transactions in currencies other than the Canadian dollar are recorded at the rates of exchange prevailing on the dates of transactions. At the end of each reporting period, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Share-based Payment Transactions

Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The amount recognized as an expense is adjusted to reflect the number of awards expected to vest. The offset to the recorded cost is to equity settled share-based payments reserve.

Consideration received on the exercise of stock options is recorded as share capital and the related equity settled share-based payments reserve is transferred to share capital. Charges for stock options and warrants that have expired are transferred to contributed surplus. Charges for stock options that are forfeited before vesting are reversed from equity settled share-based payment reserve.

Exploration, Evaluation and Development Expenditures

Exploration and evaluation expenditures are expensed as incurred, until the property reaches the development stage. The development stage is considered to begin once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable. All direct costs related to the acquisition of resource property interests are capitalized. Development expenditures incurred subsequent to a development decision, and to increase or to extend the life of existing production, are capitalized and will be amortized on the unit-of-production method based upon estimated proven and probable reserves.

Proceeds received for farm-out arrangements or recoveries of costs are credited against the cost of the related claims. The Company recognizes in income costs recovered on mineral properties when amounts received or receivable are in excess of the carrying amount. Mineral property acquisition costs include cash costs and the fair market value of common shares issued, based on the trading price of the shares issued for mineral property interests, pursuant to the terms of the related property agreements. Payments related to a property acquired under an option or joint venture agreement are made at the sole discretion of the Company, and are recorded as mineral property acquisition costs upon payment. Mineral property interests are classified as intangible assets.

Restoration, Rehabilitation, and Environmental Obligations

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration or development of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, along with a corresponding liability as soon as the obligation to incur such costs arises. The timing of the actual rehabilitation expenditure is dependent on a number of factors such as the life and nature of the asset, the operating license conditions and, when applicable, the environment in which the mine operates. Discount rates using a pre-tax rate that reflects the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either the unit-of-production or the straight line method. The corresponding liability is progressively increased as the effect of discounting unwinds creating an expense recognized in profit or loss.

Decommissioning costs are also adjusted for changes in estimates. Those adjustments are accounted for as a change in the corresponding capitalized cost, except where a reduction in costs is greater than the unamortized capitalized cost of the related assets, in which case the capitalized cost is reduced to nil and the remaining adjustment is recognized in profit or loss. The operations of the Company have been, and may in the future be, affected from time to time in varying degree by changes in environmental regulations, including those for site restoration costs. Both the likelihood of new regulations and their overall effect upon the Company are not predictable.

The Company has no material restoration, rehabilitation and environmental obligations as the disturbance to date are minimal.

Impairment

At the end of each reporting period the carrying amounts of the Company's assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Changes in Accounting Standards

The Company has adopted these accounting standards effective January 1, 2016. The adoption of these accounting standards had no significant impact on the consolidated financial statements. These standards are:

Amendments to IAS 1 Presentation of Financial Statements
Amendments to IFRS 7 Financial Instruments

New Accounting Standards and Interpretations

The International Accounting Standards Board ("IASB") has issued new and amended standards and interpretations which have not yet been adopted by the Company. The Company has not yet begun the process of assessing the impact that the new and amended standards and interpretations will have on its financial statements or whether to early adopt any of the new requirements. The following is a brief summary of the new and amended standards and interpretations:

Amendments to IAS 7 – Statement of Cash Flows

These amendments (Disclosure Initiative) require that the following changes in liabilities arising from financing activities are disclosed (to the extent necessary): (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes. One way to fulfil the new disclosure requirement is to provide reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities. Finally, the amendments state that changes in liabilities arising from financing activities must be disclosed separately from changes in other assets and liabilities. These amendments are effective for reporting periods beginning on or after January 1, 2017. Amendments to IAS 7 are not expected to have a material impact on amounts recorded in the financial statements of the Company.

IFRS 9 – Financial Instruments

IFRS 9 addresses the classification, measurement and recognition of financial assets and financial liabilities. In July 2014 IFRS 9, Financial Instruments ("IFRS 9") was issued. The completed standard provides revised guidance on the classification and measurement of financial assets and financial liabilities. It also introduces a new expected credit loss model for calculating impairment for financial assets. This final version of IFRS 9 will be effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. IFRS 9 is not expected to have a material impact on amounts recorded in the financial statements of the Company.

IFRS 15 – Revenue from Contracts with Customers

IFRS 15 is effective for annual periods beginning on or after January 1, 2018. IFRS 15 specifies how and when to recognize revenue as well as requires entities to provide users of financial statements with more informative, relevant disclosures. The standard supersedes IAS 18, Revenue, IAS 11, Construction Contracts, and a number of revenue-related interpretations. The new standard will apply to nearly all contracts with customers: the main exceptions are leases, financial instruments and insurance contracts. IFRS 15 is not expected to have a material impact on amounts recorded in the financial statements of the Company.

IFRIC 22 – Foreign Currency Transactions and Advance Consideration

This interpretation clarifies the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency. It covers foreign currency transactions when an entity recognizes a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration before the entity recognises the related asset, expense or income. It does not apply when an entity measures the related asset, expense or income on initial recognition at fair value or at the fair value of the consideration received or paid at a date other than the date of initial recognition of the non-monetary asset or non-monetary liability. Also, the Interpretation need not be applied to income taxes, insurance contracts or reinsurance contracts. This interpretation is effective for reporting periods beginning on or after January 1, 2018. IFRIC 22 is not expected to have a material impact on amounts recorded in the financial statements of the Company.

Amendments to IFRS 2 – Share-based Payments

These amendments added guidance that introduces accounting requirements for cash-settled share-based payments that follow the same approach as used for equity-settled share-based payments. They introduced an exception into IFRS 2 so that a share-based payment where the entity settles the share-based payment arrangement net is classified as equity-settled in its entirety, provided the share-based payment would have been classified as equity-settled had it not included the net settlement feature. Finally, they clarify the accounting treatment in situations where a cash-settled share-based payment changes to an equity-settled share-based payment because of modifications of the terms and conditions. These amendments are effective for reporting periods beginning on or after January 1, 2018. Amendments to IFRS 2 are not expected to have a material impact on amounts recorded in the financial statements of the Company.

IFRS 16 – Leases

IFRS 16 specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. The standard was issued in January 2016 and is effective for annual periods beginning on or after January 1, 2019. IFRS 16 is not expected to have a material impact on amounts recorded in the financial statements of the Company.

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. The sensitivity of the Company's net earnings and other comprehensive income to changes in the exchange rate between the Canadian dollar and the United States dollar, and between the Canadian dollar and the Argentinean peso as of December 31, 2016 is summarized as follows:

- A 10% change in the US dollar exchange rate relative to the Canadian dollar would change the Company's net loss by \$905.
- A 10% change in the Argentinean peso exchange rate relative to the Canadian dollar would change the Company's net loss by \$11,140.

(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.

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 audited consolidated financial statements for the years ended December 31, 2016 and 2015. 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 December 31, 2016.

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.

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.