BLUE SKY URANIUM CORP.

(formerly Mulligan Capital Corp.)
(An Exploration Stage Company)

INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED
SEPTEMBER 30, 2008 AND 2007

(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

MANAGEMENT’S COMMENTS ON UNAUDITED
INTERIM CONSOLIDATED FINANCIAL STATEMENTS

The accompanying unaudited interim consolidated financial statements of Blue Sky Uranium Corp. (the “Company”) for the nine months ended September 30, 2008 have been prepared by management and are the responsibility of the Company’s management. These statements have not been reviewed by the Company’s external auditors.

November 26, 2008

BLUE SKY URANIUM CORP.

(formerly Mulligan Capital Corp.)
(An Exploration Stage Company)

(See Note 1 – Nature of Operations and Going Concern)

INTERIM CONSOLIDATED BALANCE SHEETS

(Unaudited - Expressed in Canadian Dollars)

	September 30, 2008 $	December 31, 2007 $
A S S E T S		
CURRENT ASSETS		
Cash	432,242	171,056
Short-term investments (Note 4)	-	1,541,655
GST recoverable	11,265	19,173
Amounts receivable, prepaids and deposits (Note 9)	101,201	94,585
	544,708	1,826,469
MINERAL PROPERTY AND DEFERRED COSTS (Note 5)	3,894,327	1,626,639
EQUIPMENT (Note 6)	27,390	30,692
	4,466,425	3,483,800
L I A B I L I T I E S		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities (Note 9)	208,638	177,896
FUTURE INCOME TAX LIABILITIES (Note 3)	800,453	-
	1,009,091	177,896
S H A R E H O L D E R S' E Q U I T Y		
SHARE CAPITAL (Note 7)	8,061,514	4,399,896
WARRANTS (Note 7)	647,311	439,340
CONTRIBUTED SURPLUS (Note 8)	554,893	515,232
DEFICIT	(5,806,384)	(2,048,564)
	3,457,334	3,305,904
	4,466,425	3,483,800

NATURE OF OPERATIONS (Note 1)
COMMITMENTS (Note 5)
SUBSEQUENT EVENT (Note 13)

APPROVED BY THE DIRECTORS

"Sean Hurd", Director

"Nikolaos Cacos", Director

The accompanying notes are an integral part of these interim consolidated financial statements.

BLUE SKY URANIUM CORP.

(formerly Mulligan Capital Corp.)
(An Exploration Stage Company)

INTERIM CONSOLIDATED STATEMENTS OF LOSS, COMPREHENSIVE LOSS AND DEFICIT

(Unaudited - Expressed in Canadian Dollars)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2008 $	2007 $	2008 $	2007 $
EXPENSES				
Amortization	3,009	2,501	8,390	5,887
Consulting fees (Note 9)	40,177	10,250	90,033	24,117
Corporate development and investor relations	11,499	150,115	196,672	308,180
General exploration	137,939	291,380	496,439	407,036
Office (Note 9)	30,485	82,195	106,442	136,345
Professional fees	30,377	16,118	139,556	73,096
Rent, parking and storage (Note 9)	20,855	17,246	63,296	30,897
Salaries and employee benefits (Note 9)	114,521	75,231	373,699	149,627
Stock-based compensation (Note 7(b))	-	-	19,010	298,665
Transfer agent and regulatory fees	31,667	3,649	52,256	33,008
Travel and accommodation	8,309	29,642	76,968	84,890
	428,838	678,327	1,622,761	1,551,748
LOSS BEFORE OTHER ITEMS	(428,838)	(678,327)	(1,622,761)	(1,551,748)
OTHER INCOME				
Foreign exchange gain (loss)	5,001	7,005	(3,358)	9,296
Write-off of mineral properties (Note 5)	-	-	(2,148,392)	-
Interest income	1,104	30,726	16,691	76,011
	6,105	37,731	(2,135,059)	85,307
LOSS AND COMPRHENSIVE LOSS FOR THE PERIOD	(422,733)	(640,596)	(3,757,820)	(1,466,441)
DEFICIT - BEGINNING OF PERIOD	(5,383,651)	(1,305,706)	(2,048,564)	(179,861)
DEFICIT - END OF PERIOD	(5,806,384)	1,646,302	(5,806,384)	(1,646,302)
BASIC AND DILUTED LOSS PER COMMON SHARE	$(0.02)	$(0.04)	$(0.18)	$(0.09)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	28,887,649	17,088,367	21,466,062	15,943,629

The accompanying notes are an integral part of these interim consolidated financial statements.

BLUE SKY URANIUM CORP.

(formerly Mulligan Capital Corp.)
(An Exploration Stage Company)

INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(Unaudited - Expressed in Canadian Dollars)

	Nine Months Ended September 30,	
	2008	**2007**
	$	**$**
SHARE CAPITAL		
Balance at beginning of period	4,399,896	1,785,456
Private placements	1,103,100	3,300,000
Issued for acquisition (Note 3)	2,488,500	-
Warrant valuation	(240,215)	(416,000)
Shares issued as corporate finance fee	12,500	60,000
Shares issued for mineral property interest	438,000	277,000
Exercise of warrants	14,278	4,272
Contributed surplus reallocated on the exercise of warrants	-	2,563
Share issue costs	(154,545)	(552,217)
Balance at end of period	8,061,514	4,461,074
WARRANTS		
Balance at beginning of period	439,340	-
Warrant valuation from private placement warrants granted	240,215	416,000
Warrant valuation from agent's options granted	-	169,977
Warrant issue costs	(32,244)	(79,815)
Balance at end of period	647,311	506,162
CONTRIBUTED SURPLUS		
Balance at beginning of period	515,232	91,130
Contributed surplus as a result of stock options granted	19,010	298,665
Contributed surplus as a result of agent's options granted	20,651	-
Contributed surplus reallocated on the exercise of warrants	-	(2,563)
Balance at end of period	554,893	387,232
DEFICIT		
Balance at beginning of period	(2,048,564)	(179,861)
Loss for the period	(3,757,820)	(1,466,441)
Balance at end of period	(5,806,384)	(1,646,302)
TOTAL SHAREHOLDERS' EQUITY	3,457,334	3,708,166

The accompanying notes are an integral part of these interim consolidated financial statements.

BLUE SKY URANIUM CORP.

(formerly Mulligan Capital Corp.)
(An Exploration Stage Company)

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited - Expressed in Canadian Dollars)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2008 $	2007 $	2008 $	2007 $
CASH PROVIDED FROM (USED FOR)				
OPERATING ACTIVITIES				
Loss for the period	(422,733)	(640,596)	(3,757,820)	(1,466,441)
Items not affecting cash				
Amortization	3,009	2,501	8,390	5,887
Stock-based compensation	-	-	19,010	298,665
Common shares issued on Eagle Lake Property included in general exploration expense	64,000	-	64,000	-
Write-off of mineral properties	-	-	2,148,392	-
	(419,724)	(638,095)	(1,582,028)	(1,161,889)
Change in non-cash working capital balances	(89,260)	(55,173)	55,055	48,563
	(508,984)	(693,268)	(1,526,973)	(1,113,326)
INVESTING ACTIVITIES				
Expenditures on mineral properties and deferred costs	(79,347)	(597,892)	(670,493)	(880,462)
Purchase of equipment	(5,088)	(3,025)	(5,088)	(22,855)
Decrease (increase) in short-term investments	-	1,293,495	1,500,000	(1,636,603)
	(84,435)	692,578	824,419	(2,539,920)
FINANCING ACTIVITIES				
Issuance of common shares and warrants	1,004,100	-	1,117,378	3,304,272
Share and warrant issue costs	(110,528)	(1,116)	(153,638)	(402,055)
	893,572	(1,116)	963,740	2,902,217
INCREASE (DECREASE) IN CASH DURING THE PERIOD	300,153	(1,806)	261,186	(751,029)
CASH - BEGINNING OF PERIOD	132,089	248,550	171,056	997,773
CASH - END OF PERIOD	432,242	246,744	432,242	246,744

SUPPLEMENTARY CASH FLOW INFORMATION (Note 11)

The accompanying notes are an integral part of these interim consolidated financial statements.

BLUE SKY URANIUM CORP.

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INTERIM CONSOLIDATED SCHEDULE OF MINERAL PROPERTY AND DEFERRED COSTS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2008

	Canada		Argentina							Colombia	
	Eagle Lake $	Karin Lake $	Santa Barbara $	Anit $	Cebeza de Potro $	Nicky $	La Rioja $	Chubut $	Santa Cruz $	Santander & Norte de Santander $	Total $
BALANCE - BEGINNING OF PERIOD	728,377	548,153	222,806	-	-	-	-	-	-	127,303	1,626,639
EXPENDITURES DURING THE PERIOD											
EXPLORATION COSTS											
Assays	-	-	789	789	-	-	-	-	-	-	1,578
Drilling	-	100,577	-	-	-	-	-	-	-	-	100,577
Geophysics	17,311	43	18,185	5,682	-	-	-	-	-	-	41,221
Office	-	115	28,967	56	-	-	-	-	-	-	29,138
Salaries and contractors	20,290	74,343	67,683	8,613	-	-	-	-	-	-	170,929
Supplies and equipment	158	11,991	18,919	18,308	-	-	-	-	-	-	49,376
Transportation	13,253	102,477	29,807	245	-	-	-	-	-	-	145,782
IVA taxes	-	-	36,855	7,555	-	-	-	-	-	-	44,410
	51,012	289,546	201,205	41,248	-	-	-	-	-	-	583,011
ACQUISITION COSTS											
Acquisition of AUC (Note 3)	-	-	778,524	930,207	237,579	129,754	181,656	259,508	77,852	-	2,595,080
Option payment and staking fees	48,000	326,000	-	33,535	-	-	-	-	-	30,000	437,535
	827,389	1,163,699	1,202,535	1,004,990	237,579	129,754	181,656	259,508	77,852	157,303	5,242,265
Future income tax	-	-	240,136	320,181	40,023	40,023	56,032	80,045	24,013	-	800,453
Write-off of mineral properties	(827,389)	(1,163,699)	-	-	-	-	-	-	-	(157,303)	(2,148,391)
BALANCE - END OF PERIOD	-	-	1,442,671	1,325,171	277,602	169,777	237,688	339,553	101,865	-	3,894,327

The accompanying notes are an integral part of these interim consolidated financial statements.

1. NATURE OF OPERATIONS AND GOING CONCERN

The Company was incorporated under the Business Corporation Act of British Columbia on November 30, 2005 as Mulligan Capital Corp. On May 16, 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.

As of September 30, 2008, the Company is in the process of exploring mineral properties in Argentina. On the basis of information to date it has not yet determined whether these properties contain economically recoverable ore reserves. The underlying value of the mineral properties and related deferred costs is entirely dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete development and upon future profitable production. Mineral property interests represent costs incurred to date, less amounts amortized and/or written-off and do not necessarily represent present or future values.

These interim consolidated financial statements have been prepared on a going concern basis in accordance with Canadian generally accepted accounting principles ("Canadian GAAP"). The going concern basis of presentation assumes the Company will continue to operate for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business. The Company has incurred significant losses and negative cash flow from operations since inception. The Company has funded operations through equity financings and without additional future financings there is substantial doubt concerning the Company's ability to continue as a going concern. Management intends to raise further financing in the future. There can be no assurance that future financing can be successfully concluded. These consolidated financial statements do not reflect adjustments to the carrying value of assets and liabilities, the reported income and expenses and balance sheet classifications used that would be necessary if the going concern assumption were not appropriate. Such adjustments could be material.

2. SIGNIFICANT ACCOUNTING POLICIES

The interim consolidated financial statements of the Company have been prepared by management in accordance with Canadian GAAP. The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates. The consolidated financial statements have, in management's opinion, been properly prepared using careful judgment within reasonable limits of materiality. These interim consolidated financial statements should be read in conjunction with the most recent annual consolidated financial statements. The significant accounting policies follow that of the most recently reported annual consolidated financial statements.

New accounting policies

Effective January 1, 2008, new accounting standards were issued by the CICA which may impact the Company in the future as follows:

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

General Standards on Financial Statement Presentation

CICA Handbook Section 1400, *General Standards on Financial Statement Presentation*, has been amended to include requirements to assess and disclose a company's ability to continue as a going concern. The changes are effective for interim and annual financial statements beginning January 1, 2008. The adoption of this standard did not have an effect on the Company for the nine months ended September 30, 2008.

Capital Disclosures

CICA Handbook Section 1535, *Capital Disclosures*, establishes standards for disclosing information about the Company's capital and how it is managed. Under this standard the Company will be required to disclose the following, based on the information provided internally to the Company's key management personnel:

(i) qualitative information about its objectives, policies and processes for managing capital.
(ii) summary quantitative data about what it manages as capital.
(iii) whether during the period it complied with any externally imposed capital requirements to which it is subject.
(iv) when the Company has not complied with such externally imposed capital requirements, the consequences of such non-compliance.

This standard is effective for interim and annual financial statements beginning on January 1, 2008. The adoption of this change on the disclosure in the financial statements did not have an effect on the Company for the nine months ended September 30, 2008.

Goodwill and Intangible Assets

CICA Handbook Section 3064, *Goodwill and Intangible Assets*, establishes revised standards for recognition, measurement, presentation and disclosure of goodwill and intangible assets. Concurrent with the introduction of this standard, the CICA withdrew EIC 27, Revenues and Expenses, during the pre-operating period. As a result of the withdrawal of EIC 27, companies will no longer be able to defer costs and revenues incurred prior to commercial production at new mine operations. The changes are effective for interim and annual financial statements beginning January 1, 2009. The Company has not yet determined the impact of the adoption of this change on the disclosure in its consolidated financial statements.

Financial Instruments Disclosures

In March 2007, the CICA issued Section 3862 *Financial Instruments – Disclosures,* and Section 3863 *Financial Instruments – Presentation,* which together comprise a complete set of disclosure and presentation requirements that revise and enhance current disclosure requirements. Section 3862, requires disclosure of additional detail by financial asset and liability categories. Section 3863, establishes standards for presentation of financial instruments and non-financial derivatives. The standard deals with the classification of financial instruments, from the perspective of the issuer, between liabilities and equity, the classification of related interest, dividends, losses and gains, and the circumstances in which financial assets and financial liabilities are offset. The adoption of this change on the disclosure in the financial statements did not have an effect on the Company for the nine months ended September 30, 2008.

(Unaudited – Expressed in Canadian Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

International Financial Reporting Standards ("IFRS")

In 2006, the Canadian Accounting Standards Board ("AcSB") published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008 the AcSB announced that the date for publicly-listed companies to use IFRS, replacing Canadian GAAP, is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended December 31, 2010. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

Comparative Figures

Certain of the prior period comparative figures have been reclassified to conform to the current period's presentation.

3. ACQUISITION

On July 7, 2008, the Company acquired all issued and outstanding common shares of Argentina Uranium Corp. ("AUC"), a private mining exploration company, for consideration of 8,295,000 common shares at a deemed value of $0.30 per share. The shares are subject an escrow agreement with a 10% release effective January 7, 2009 and the remaining shares released in equal tranches of 15% until January 7, 2012. Under the Escrow Agreement, the last 4,147,500 shares are to remain in escrow until the Company receives confirmation from The TSX-V Exchange that the shares can be released.

In addition, as a result of differences in the book value and tax value of the mineral property interests acquired, the Company has recorded a future income tax liability of $800,453 with a corresponding amount capitalized to mineral property interests.

Since AUC is not considered a business for accounting purposes, the AUC acquisition was accounted for effectively as an acquisition of net assets of AUC, as summarized in the following table:

	$
Common shares issued (8,295,000 shares)	2,488,500

The assets and liabilities acquired are as follows:	
Cash	31,848
Amounts receivable	18,686
Exploration properties	2,595,080
Amounts payable	(157,114)
Net Assets acquired	2,488,500

(Unaudited – Expressed in Canadian Dollars)

4. SHORT-TERM INVESTMENTS

As at September 30, 2008 Company did not hold any short-term investments.

As at December 31, 2007, the Company held short-term investments comprised of the following:

	December 31, 2007	
	Maturity	**Principal $**
12 month term deposit - 4.2% annual interest rate ($1,500,000 principal)	April 28, 2008	1,541,655

5. MINERAL PROPERTY INTERESTS

	September 30, 2008			December 31, 2007		
	Acquisition Costs $	**Exploration Expenditures $**	**Total $**	**Acquisition Costs $**	**Exploration Expenditures $**	**Total $**
Canada						
Eagle Lake	-	-	-	340,435	387,942	728,377
Karin Lake	-	-	-	132,914	415,239	548,153
Argentina						
Santa Barbara	1,078,660	364,011	1,442,671	60,000	162,806	222,806
Anit	1,283,923	41,248	1,325,171	-	-	-
Cabeza de Potro	277,602	-	277,602	-	-	-
Nicky	169,777	-	169,777	-	-	-
La Rioja	237,688	-	237,688	-	-	-
Chubut	339,553	-	339,553	-	-	-
Santa Cruz	101,865	-	101,865	-	-	-
Colombia						
Santander & Norte de Santander	-	-	-	74,281	53,022	127,303
	3,489,068	405,259	3,894,327	607,630	1,019,009	1,626,639

a) Eagle Lake Property

On December 14, 2006, the Company and Eagle Plains Resources Ltd. (“Eagle Plains”), a public company trading on the TSX-V, entered into an option agreement (the “Agreement”) under which Eagle Plains granted an option to the Company to earn a 60% undivided interest in Eagle Plains' undivided 100% interest in the Eagle Lake group of mineral claims (the “Eagle Lake Property”), covering 8,165 hectares in the La Ronge area of north-central Saskatchewan, Canada.

(Unaudited – Expressed in Canadian Dollars)

5. MINERAL PROPERTY INTERESTS (continued)

The Company amended of the option agreements that were entered into on the Eagle Lake and Karin Lake projects dated December 14, 2006, and May 29, 2007. The parties agreed to a $477,000 budget for a drilling program that commenced in March 2008. The Company would issue an additional 500,000 shares to cover 50% of the cost of the drill program and paid for the remaining 50% of the drill program. The additional shares to be issued were released at a rate of 100,000 per month beginning July 1, 2008 and ending on November 1, 2008.

The Company may maintain the option and acquire the 60% interest by issuing a total of one million shares, make total cash payments of $35,000 and incur a minimum of $5 million of exploration expenditures on the Eagle Lake Property as follows:

Date	Expenditures $	Shares #	Option Payments $
February 7, 2007 [(i)] (paid / issued)	-	200,000	35,000
March 9, 2007 (incurred)	200,000	-	-
February 7, 2008 (incurred / issued)	300,000	200,000	-
February 7, 2009	500,000	200,000	-
February 7, 2010	1,500,000	200,000	-
February 7, 2011	2,500,000	200,000	-
	5,000,000	1,000,000	35,000

(i) The Agreement required

(a) the issue of 50,000 common shares and a cash payment of $10,000 on or before the date which was the later of the date of delivery of a NI43-101 technical report (the "Report") and the date of receipt of TSXV approval of the QT (the "Final Exchange Bulletin").

(b) the issue of a further 50,000 common shares and a cash payment of $25,000 on or before the later of the date of execution of the Agreement and the Final Exchange Bulletin

(c) the issue of 100,000 common shares on or before the later of December 31, 2006 and the Final Exchange Bulletin.

The later of the two dates in (a), (b) and (c) above was February 7, 2007, which was the effective date the Agreement was accepted by the TSXV as the Company's QT.

In addition to the above requirements, the Company must maintain the Eagle Lake Property in good standing in accordance with applicable mining laws and make any and all governmental payments required by such law including, but not limited to, annual sustaining mineral claims.

The Eagle Lake Property is subject to a 1% net smelter royalty to a third-party, which may be purchased at any time for $1 million.

On August 22, 2008 the Company gave notice that it was terminating its option on the Eagle Lake Property. As a result, mineral property and deferred costs of $827,389 were written off during the period.

b) Karin Lake Property

On February 14, 2007, the Company entered into a letter of intent with Eagle Plains (the "Karin Lake LOI") under which the Company proposed to acquire the option to earn a 60% interest in mineral claims (the "Karin Lake Property') located in the La Ronge area of north-central Saskatchewan, Canada, by issuing 50,000 common shares and paying $107,795 cash. The Company may maintain the option by incurring a total of $2.5 million in expenditures and issuing a total of 1,200,000 common shares, as follows:

(Unaudited – Expressed in Canadian Dollars)

5. MINERAL PROPERTY INTERESTS (continued)

Date	Expenditures $	Shares #	Option Payments $
July 27, 2007 (paid and issued)	-	50,000	107,795
December 31, 2007 (incurred and issued)	100,000	100,000	-
March 31, 2008 (issued)	-	500,000	-
December 31, 2008 (incurred)	150,000	100,000	-
December 31, 2009	250,000	200,000	-
December 31, 2010	1,000,000	100,000	-
December 31, 2011	1,000,000	150,000	-
	2,500,000	1,200,000	107,795

Subsequent to earning its 60% interest, the Company and Eagle Plains shall form a joint venture for further exploration of the property, in which each party provides funding in proportion to its interest. Either party's interest will be diluted if it does not contribute the appropriate proportion of funding to the joint venture. Any party diluting below 10% equity interest in the joint venture will receive a 5% net profits royalty interest in lieu of such equity interest. On May 29, 2007 the Company signed an option agreement that received approval from the TSX-V on July 3, 2007.

On August 22, 2008 the Company gave notice that it was terminating its option on the Karin Lake Property. As a result, mineral property and deferred costs of $1,163,699 were written off during the period.

c) Santa Barbara Property

Effective May 8, 2007 the Company entered into a letter of intent with Argentina Uranium Corp. ("Argentina Uranium") to earn a 75% interest in the 60,000 hectare Santa Barbara uranium property in the Province of Rio Negro, located in the northern Patagonia region of Argentina.

On July 8, 2008, the Company issued 8.295 million shares at a deemed price of $0.30 per share in exchange for 100% of the issued shares of Argentina Uranium. As a result of the acquisition of Argentina Uranium subsequent to period end, the Company owns 100% of the property and the terms of the May 8, 2007 letter of intent are no longer applicable.

d) Anit Property

In January 2008 the Company signed a letter of intent to earn a 75% interest in the 128,689 hectare "Anit" uranium property in the Province of Rio Negro, Argentina. In order to earn a 75% undivided interest in the Anit property the Company must complete $2.0 million in exploration expenditures over 4 years. During year one there is a firm commitment to complete $100,000 of exploration expenditures. After completing the expenditure commitments, the parties will form a 75/25 joint venture. As a result of the acquisition of Argentina Uranium, the Company owns 100% of the property and the terms of the Anit letter of intent are no longer applicable.

(Unaudited – Expressed in Canadian Dollars)

5. MINERAL PROPERTY INTERESTS (continued)

e) Santander and Norte de Santander Projects, Colombia

During the year ended December 31, 2007, the Company entered into two option agreements to acquire 100% interests in two uranium properties in Colombia. One property, covering 5,499 hectares, is located in the department of Santander, (the "Santander Project"). The other property, covering 9,592 hectares, is located in the department of Norte de Santander (the "Norte de Santander Project"). Under the terms of the letter agreements the Company must make staged cash payments to the vendor over four years totalling US $414,080 on each project, as follows:

Date	Santander Project US $	Norte de Santander Project US $
April 12, 2007 (paid)	-	5,000
April 17, 2007 (paid)	5,000	-
March 12, 2008 (paid)	15,000	15,000
March 12, 2009	20,000	20,000
March 12, 2010	50,000	50,000
March 12, 2011	324,080	324,080
	414,080	414,080

The Company may terminate either of the agreements at any time. During the term of the agreements, the Company will be responsible for government taxes totalling 218,165,607 Colombian pesos (approximately $115,000) per annum.

Each project is also subject to a 3% yellow cake royalty to a maximum of US $1.1 million.

On May 14, 2008 the Company gave notice that it was terminating its option on the Santander and Norte de Santander project. As a result, mineral property and deferred costs of $157,303 were written off during the period.

6. EQUIPMENT

September 30, 2008	Cost $	Accumulated Amortization $	Net Carrying Amount $
Geological equipment	37,000	15,893	21,107
Computer equipment	8,113	1,830	6,283
	45,113	17,723	27,390

December 31, 2007	Cost $	Accumulated Amortization $	Net Carrying Amount $
Geological equipment	37,000	8,955	28,045
Computer equipment	3,025	378	2,647
	40,025	9,333	30,692

(Unaudited – Expressed in Canadian Dollars)

7. SHARE CAPITAL

Authorized: unlimited common shares without par value
unlimited preferred shares without par value

Issued common shares:	September 30, 2008		December 31, 2007	
	Shares	**$**	**Shares**	**$**
Balance, beginning of period	17,130,215	4,399,896	13,377,500	1,785,456
Issued during the period:				
For cash				
Private placements	5,327,000	1,103,100	3,300,000	3,300,000
Less warrants valuation	-	(240,215)	-	(535,000)
Agent's options exercised	142,785	14,278	42,715	4,272
For agent's commission	-	-	60,000	60,000
Reallocation of contributed surplus on exercise of agent's options	-	-	-	2,563
For corporate finance fee	41,667	12,500		
For mineral property interests	1,100,000	438,000	350,000	277,000
For acquisition	8,295,000	2,488,500		
Less share issue costs	-	(154,545)	-	(494,395)
Balance, end of period	32,036,667	8,061,514	17,130,215	4,399,896

a) During the nine months ended September 30, 2008, the following share transactions occurred:

(i) The Company completed a non-brokered private placement in which it issued a total of 330,000 units at $0.30 per unit for aggregate gross proceeds of $99,000. Each unit consisted of one common share of the Company and one half of one transferable common share purchase warrant. Each whole warrant entitles the holder to acquire one additional common share at an exercise price of $0.40 per common share for a period of eighteen months.

The fair value assigned to the 165,000 warrants was $15,011, net of share issue costs of $378.

The Black-Scholes Pricing Model was used to value the warrants. The warrants were valued at $0.11, based on the following assumptions: dividend yield 0%, risk-free rate 3.37%, expected volatility 87% and expected life of 1.6 years.

(ii) The Company completed a financing by way of short form offering document as announced on June 3, 2008 and June 24, 2008. The financing consisted of 2,247,000 units at a price of $0.30 per Unit for gross proceeds of $674,100. Each Unit consists of one common share of the Company and one-half of one transferable common share purchase warrant. Each Warrant entitles the holder to acquire one additional Share at an exercise price of $0.40 per share until February 5, 2010 and are transferable in accordance with the rules of the TSX Venture Exchange.

7. SHARE CAPITAL (continued)

In connection with the financing, Canaccord Capital Corporation ("Canaccord") received a cash commission equal to 8% of the gross proceeds of the sale of Units under the Offering and a corporate finance fee consisting of cash and 41,667 units. Each Corporate Finance Unit has the same terms as the Units sold under the Offering, except that the warrants comprising part of the Corporate Finance Units are non-transferable. In addition, Canaccord received non-transferable agent's options equal to 8% of the Units sold under the Offering. Each Agent's Option is exercisable for one unit until February 5, 2010 at an exercise price of $0.30 per Agent's Unit. Each Agent's Unit will consist of one Share and one-half of one non-transferable common share purchase warrant. Each Agent's Warrant will be exercisable for one additional Share until February 5, 2010 at an exercise price of $0.40 per Share.

All of the Corporate Finance Units and Agent's Options, and 163,334 Units issued to purchasers who are members of Canaccord's pro group (as defined in the Exchange's policies) are subject to a four month hold period expiring on November 4, 2008 under applicable securities laws and Exchange policies.

The fair value assigned to the 1,123,500 warrants was $153,353, net of share issue costs of $31,866.

The fair value assigned to the 41,667 units was $12,500. The fair value assigned to the 20,833 warrants attached was $2,844.

The Black-Scholes Pricing Model was used to value the warrants. The warrants were valued at $0.09, based on the following assumptions: dividend yield 0%, risk-free rate 3.26%, expected volatility 85% and expected life of 1.3 years.

The fair value assigned to the 179,760 Agent's options was $20,651. The Black-Scholes Pricing Model was used to value the Agent's options. The warrants were valued at $0.12, based on the following assumptions: dividend yield 0%, risk-free rate 3.26%, expected volatility 85% and expected life of 1.3 years.

(iii) The Company completed the first tranche of the non-brokered private placement announced on September 12, 2008 consisting of 2.75 million units at a price of $0.12 per Unit for gross proceeds of $330,000. Each Unit consists of one common share and one non-transferable share purchase warrant. Each warrant will entitle the holder thereof to purchase one additional common share in the capital of the company at a price of $0.18 per share in year one and $0.20 per share in year two. The securities are subject to a 4 month hold period which will expire January 17, 2009 and the warrants will be exercisable up to and including September 17, 2010.

The fair value assigned to the 2,750,000 warrants was $69,008.

The Black-Scholes Pricing Model was used to value the warrants. The warrants were valued at $0.04, based on the following assumptions: dividend yield 0%, risk-free rate 2.84%, expected volatility 78% and expected life of 1.2 years.

(Unaudited – Expressed in Canadian Dollars)

7. SHARE CAPITAL (continued)

(iv) 142,785 warrants were exercised at $0.10 each for proceeds of $14,278.

(v) 1,100,000 shares were issued as option payments for the Eagle Lake and Karin Lake Properties with a deemed value of $438,000.

(vi) 8,295,000 shares were issued as payment for the acquisition of AUC (Note 3).

b) Stock options and stock-based compensation

The Company has established a rolling stock option plan (the "Plan"), in which the maximum number of common shares which can be reserved under the Plan is 10% of the issued and outstanding common shares of the Company. The exercise price of the options is set at the Company's closing shares price on the day before the grant date, less allowable discounts in accordance with the policies of the TSX-V.

A summary of the changes in the number of stock options outstanding for the nine months ended September 30, 2008 is as follows:

	Number	Weighted Average Exercise Price $
Balance, beginning of period	1,640,000	0.43
Granted	100,000	0.40
Cancelled	(55,000)	0.73
Balance, end of period	1,685,000	0.42

During the nine months ended September 30, 2008, the Company granted 100,000 stock options (2007 – 670,000) and recorded stock-based compensation expense of $19,010 (2007 - $298,665) with a corresponding increase to contributed surplus. The fair value of stock options granted is estimated on the dates of grants using the Black-Scholes Option Pricing Model with the following assumptions used for the grants made during the period:

Risk-free interest rate	3.27%
Estimated volatility	82%
Expected life	2.2 years
Expected dividend yield	0%

Stock options outstanding and exercisable at September 30, 2008, are as follows:

Number	Exercise Price	Expiry Date
1,000,000	$0.10	June 28, 2011
335,000	$0.90	January 31, 2010
275,000	$1.00	June 1, 2012
75,000	$0.40	January 5, 2013
1,685,000		

(Unaudited – Expressed in Canadian Dollars)

7. SHARE CAPITAL (continued)

c) Warrants and Agent's Options

A summary of the changes in outstanding warrants and Agent's Options for the period ended September 30, 2008 is as follows:

	Warrants #	Agents Options #
Balance, December 31, 2007	1,650,000	469,785
Granted	4,059,332	179,760
Exercised	-	(142,785)
Balance, September 30, 2008	5,709,332	506,760

Common shares reserved pursuant to warrants outstanding at September 30, 2008 are as follows:

Number	Exercise Price $	Expiry Date
200,000	1.00	March 23, 2009
127,000	1.00	March 30, 2009
1,650,000	1.30	March 23, 2009
165,000	0.40	January 1, 2010
1,144,332	0.40	February 5, 2010
179,760	0.30	February 5, 2010
2,750,000	0.18	September 17, 2010
6,216,092		

d) As at September 30, 2008, 10,109,625 common shares are held in escrow in accordance with the rules of the TSX-V. Of the 10,109,625 common shares held in escrow, 1,814,625 of them are released in equal tranches every six months ending February 6, 2010 and 8,295,000 of them will begin to be released January 7, 2009 in equal tranches ending January 7, 2012.

8. CONTRIBUTED SURPLUS

A continuity summary of contributed surplus is presented below:

	$
Balance, December 31, 2007	515,232
Contributed surplus as a result of stock options granted	19,010
Balance, September 30, 2008	534,242

9. RELATED PARTY TRANSACTIONS

a) Effective March 1, 2007 the Company engaged Grosso Group Management Ltd. ("Grosso Group") to provide services and facilities to the Company. The Grosso Group is a private company owned by the Company, IMA Exploration Inc. ("IMA") and Golden Arrow Resources Corporation ("Golden Arrow"), each of which owns one share. The Grosso Group provides its shareholder companies with geological, corporate development, administrative and management services. The shareholder companies pay monthly fees based upon a pro-rating of the Grosso Group's costs including its staff and overhead costs among each shareholder company with regard to the mutually agreed average annual level of services provided to each shareholder company. During the nine months ended September 30, 2008, the Company incurred fees of $523,803 (2007 - $217,760) from the Grosso Group: $473,907 (2007 - $175,078) was paid in monthly installments and $49,896 (2007 – $42,682) is included in accounts payable and accrued liabilities as a result of a review of the allocation of the Grosso Group costs to the member companies for the period. Prior to becoming a shareholder, the Company retained the Grosso Group's services from October 1, 2006 to February 28, 2007, for a monthly fee of $4,000. Accordingly, during the nine months ended September 30, 2007, the Company incurred additional fees of $8,000 from the Grosso Group.

   As at September 30, 2008, a $50,000 (2007 - $10,000) deposit to the Grosso Group is included in prepaid expenses.

   Effective May 31, 2008 Astral Mining Corporation withdrew as a shareholder of Grosso Group and discontinued the use of the services and facilities provided.

   Effective September 1, 2008 Amera Resources Corporation withdrew as a shareholder of Grosso Group and discontinued the use of the services and facilities provided.

b) The Company, Golden Arrow and IMA share office space and costs in Buenos Aires, Argentina.

c) During the nine months ended September 30, 2008, the Company incurred $11,772 (2007 - $32,105) for geological consulting services, including travel expenses, provided by a private corporation owned by a director of the Company. Of these costs $3,200 were recorded in mineral properties and deferred costs and $8,572 were expensed during the year.

d) During the nine months ended September 30, 2008, the Company incurred fees and expenses of $29,301 for consulting and management services provided by a director of the Company.

e) Effective May 1, 2007, the Company entered into an agreement with IMA to pay a monthly fee for the services provided IMA's Chief Executive Officer. The agreement may be terminated at any time by the Company upon 30 days written notice. For the nine months ended September 30, 2008, the Company paid $10,000 to IMA for the services. The Company terminated this agreement effective June 30, 2008.

All of the related party transactions and balances in these consolidated financial statements arose in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

(Unaudited – Expressed in Canadian Dollars)

10. SEGMENTED INFORMATION

The Company is primarily involved in mineral exploration activities in Canada and Argentina. The Company is in the exploration stage and, accordingly, has no reportable segment revenues or operating revenues for the nine months ended September 30, 2008. The Company's total assets are segmented as follows:

The Company's total assets are segmented as follows:

	September 30, 2008			
	Canada $	Argentina $	Colombia $	Total $
Current assets	483,284	55,692	5,732	544,708
Mineral properties and deferred costs	-	3,894,327	-	3,894,327
Capital assets	27,390	-	-	27,390
	510,674	3,950,019	5,732	4,466,425

	December 31, 2007			
	Canada $	Argentina $	Colombia $	Total $
Current assets	1,726,414	-	100,055	1,826,469
Mineral properties and deferred costs	1,276,530	222,806	127,303	1,626,639
Capital assets	30,692	-	-	30,692
	3,033,636	222,806	227,358	3,483,800

11. SUPPLEMENTARY CASH FLOW INFORMATION

Non-cash investing and financing activities were conducted by the Company as follows:

	Nine Months Ended September 30,	
	2008 $	2007 $
Investing activities		
Accounts payable for mineral properties and deferred costs	(23,947)	-
Expenditures on mineral property interests	(2,945,133)	(186,000)
Common shares issued for mineral property interests	2,969,080	186,000
	-	-
Financing activities		
Common shares issued for non-cash consideration	12,500	60,000
Agent's options issued for non-cash consideration	20,651	169,977
Share issue costs	(33,151)	(200,986)
Warrant issue costs	-	(28,991)
	-	-

12. FINANCIAL INSTRUMENTS

The Corporation's financial instruments are comprised of cash, short-term investments, amounts receivable, prepaids and accounts payable and accrued liabilities. The fair values of these financial instruments approximate their carrying values due to the short-term nature of these instruments.

13. SUBSEQUENT EVENT

On October 29, 2008 the Company has closed the second and final tranche of the non-brokered private placement announced on September 12, 2008. The second and final tranche consisted of 5,583,333 units at a price of $0.12 per Unit. Each Unit consists of one common share and one non-transferable share purchase warrant. Each warrant will entitle the holder thereof to purchase one additional common share in the capital of the company at a price of $0.18 cents per share until October 29, 2009 and $0.20 cents per share in the second year expiring on October 29, 2010. The shares issued will be subject to a four month hold period expiring on March 1, 2009.