BLUE SKY URANIUM CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008

Background

This discussion and analysis of financial position and results of operation is prepared as of April 24, 2009 and should be read in conjunction with the Company's audited consolidated financial statements for the years ended December 31, 2008 and 2007 and related notes. These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP"). Except as otherwise disclosed, all dollar figures included therein and in the following management discussion and analysis ("MD&A") are quoted in Canadian dollars. Additional information relevant to the Company's activities, can be found on SEDAR at www.sedar.com .

Forward Looking Statements

Certain of the statements made and information contained herein is "forward- looking information" within the meaning of the Ontario Securities Act. Forward-looking statements are subject to a variety of risks and uncertainties which could cause actual events or results to differ from those reflected in the forward-looking statements, including, without limitation, risks and uncertainties relating to foreign currency fluctuations; risks inherent in mining including environmental hazards, industrial accidents, unusual or unexpected geological formations, risks associated with the estimation of mineral resources and reserves and the geology, grade and continuity of mineral deposits; the possibility that future exploration, development or mining results will not be consistent with the Company's expectations; the potential for and effects of labour disputes or other unanticipated difficulties with or shortages of labour; the inherent uncertainty of future production and cost estimates and the potential for unexpected costs and expenses, commodity price fluctuations; uncertain political and economic environments; changes in laws or policies, foreign taxation, delays or the inability to obtain necessary governmental permits; and other risks and uncertainties, including those described under Risk Factors Relating to the Company's Business in the Company's Prospectus that can be found on the SEDAR website and in each MD&A. Forward-looking information is, in addition, based on various assumptions including, without limitation, the expectations and beliefs of management, the assumed long term price of uranium; that the Company can access financing, appropriate equipment and sufficient labour and acquire all government permits and licenses to extract uranium. Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in forward-looking statements. Accordingly, readers are advised not to place undue reliance on forward-looking statements.

Future Outlook

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 fair value of $0.29 per share, thereby gaining control of over a 500,000 plus hectare uranium land package in Argentina. With this acquisition, the Company has become one of the largest uranium explorers in Argentina.

The Company plans to focus its efforts on its mineral interests in Argentina to define an economic ore body by way of low-cost surface programs. The Company is currently taking steps to reduce overhead in order to conserve its cash for its surface programs on its Argentinean properties.

Company Overview

The 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. The current equity market conditions, the challenging funding environment and the low price of the Company's common shares make it dilutive and difficult to raise funds by the sale of the Company's shares. 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. Management has assessed and concluded that the Company has the ability to continue as a going concern for the next twelve months from the balance sheet date.

The Company was incorporated under the Business Corporations Act (British Columbia) on November 30, 2005 as Mulligan Capital Corp. The Company's registered and head office is located at Suite 709, 837 West Hastings Street, Vancouver, British Columbia, V6C 3N6.

On May 18, 2006, the Company received final receipts for a prospectus and became a reporting issuer in the Provinces of British Columbia and Alberta. On June 27, 2006, the Company completed its initial public offering (the "Offering") to raise $250,000 and on June 28, 2006, listed its common shares on the TSX Venture Exchange ("TSXV") as a capital pool company.

On August 21, 2006 and December 14, 2006, the Company and Eagle Plains Resources Ltd. ("Eagle Plains") executed an option agreement (the "Eagle Lake Option Agreement") whereby Eagle Plains granted an option to the Company to earn a 60% interest in Eagle Plains' 100% owned Eagle Lake Property located 28 km southeast of Cameco's Key Lake mining operation in north-central Saskatchewan, Canada. The Eagle Lake Option Agreement qualified as the Company's qualifying transaction. On February 7, 2007, the Company's listing was upgraded to Tier II status on the TSXV. The Company also changed its name to Blue Sky Uranium Corp. On February 14, 2007 the Company entered into an agreement with Eagle Plains to earn a 60% interest in the Karin Lake Property located adjacent to the Eagle Lake Property. On August 22, 2008, the Company terminated its option on the Eagle Lake Property and Karin Lake Property.

On February 27, 2008, the Company entered into a Letter of Agreement to acquire 100% of the shares of Argentina Uranium Corp., thereby gaining control of over a 500,000 plus hectare uranium land package in Argentina. With this acquisition, the Company will become one of the largest uranium explorers in Argentina. On July 7, 2008, the Company completed the acquisition of 100% of the shares of Argentina Uranium Corp by issuing 8.295 million shares at a fair price of $0.29 per share.

The Company has incorporated an Argentinean subsidiary Minera Cielo Azul S.A., Blue Sky Uranium (BVI) in the British Virgin Islands and Blue Sky (BVI) Uranium Corp. (Colombia). With the acquisition of Argentina Uranium Corporation the Company has an Argentinean subsidiary called Desarrollo de Inversiones S.A.

<u>Properties</u>

Argentina

On Feb, 27, 2008, the Company entered into a an agreement to acquire 100% of the shares of Argentina Uranium, thereby gaining control of over its 500,000 hectare uranium land package in Argentina. Argentina Uranium's land package has been assembled under the direction of Dr. Jorge Berizzo whose 22 years of experience in uranium exploration and production was obtained as a senior exploration geologist and later on as mine manager for the Argentinean National Atomic Energy Commission ("CNEA").

In April 2007 the Company announced it had signed an exclusive agreement with Argentina Uranium Corp. ("Argentina Uranium") to review over 4,000 square kilometres of its prospective uranium properties in Argentina. The agreement granted the Company an exclusive right for 90 days to conduct due diligence and to acquire four of Argentina Uranium's projects. The Company paid US $65,000 to Argentina Uranium for the exclusive right to acquire properties and subsequently an additional US$25,000 to extend the time period for this review.

In September 2007 the Company contracted with New Sense Geophysics Ltd. to perform a fixed wing airborne magnetic/spectrometer survey of 3,000 km^2 of the Argentina Uranium claims in northern Rio Negro province. This survey identified two highly anomalous zones of uranium mineralization which are referred to as the Santa Barbara and Anit areas. A detailed surface exploration program was developed to investigate these anomalous zones through surface sampling, spectrometer surveys, auguring and radon soil analysis. This program started in late December 2007.

On Feb, 27, 2008, the Company announced that it entered into a an agreement to acquire 100% of the shares of Argentina Uranium Corp., thereby gaining control of over its 500,000 hectare uranium land package in Argentina.

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. The Santa Barbara uranium project is a new discovery made by Dr. Jorge Berizzo.

As a result of the acquisition of Argentina Uranium, the Company owns 100% of the property and the terms of the May 8, 2007 letter of intent are no longer applicable.

The Santa Barbara uranium property hosts Triassic-Jurassic igneous and volcaniclastic units that are overlain by sub-horizontal, Cretaceous and Teriary continental sedimentary rocks. Tertiary basaltic flows partially cover the sedimentary rocks. In general, the topography is flat with scarce and small hills interrupted by basalt plateaus. The region is semi-desert and it is characterized by sparse scrub vegetation. The uranium mineralization identified to date on the Santa Barbara property is hosted by flat lying continental fluvial Upper Cretaceous or Tertiary calcite-cemented conglomerate and sandstone interlayered between limonitic mudstones with high gypsum contents.

The Company completed a phase I reconnaissance sampling and scintillometer surveying program on the Santa Barbara property. The program was designed to substantiate the information provided by Argentina Uranium and to delineate the continuity and extent of radiometric anomalies and mineralization in the area. Less than 10% of the property has been prospected and surveyed and 21 samples of consolidated and unconsolidated material were collected. Results are tabulated below.

Sample	Description	U ppm	V ppm	P ppm	Th ppm	Counts per Second (cps)
M1416	U.M.	55	112	379	4.8	300
M1417	U.M.	122	99	259	3.9	450
M1418	U.M.	87	164	322	4.9	250
M1420	U.M., Yellow U mineral	3,070	762	458	5.3	5,000
M1421	U.M.	164	149	371	5.1	400
M1422	U.M.	23	67	147	3.0	120
M1423	U.M.	22	81	497	4.0	200
M1424	U.M.	223	98	342	4.3	1000
M1425	U.M., Yellow U mineral	13,400	2884	289	5.3	>10,000
M1426	U.M.	83	117	297	3.6	400
M1431	U.M., organic matter	159	842	234	5.8	250
M1432	U.M., Yellow U mineral	159	93	322	2.9	1,200
M1433	U.M., Yellow U mineral	1,279	315	341	1.6	5,000
M1434	U.M., Yellow U mineral	411	129	182	1.0	2,000
M1435	U.M., Yellow U mineral	130	104	427	2.5	450
M1436	U.M., Yellow U mineral and gypsum	1,059	349	352	3.0	8,000
M1419	Coarse sandstone fragments	33	46	277	6.2	
M1427	Conglomerate	37	54	189	3.2	220
M1428	Conglomerate	21	15	243	2.7	260
M1429	Conglomerate	27	19	281	2.9	200
M1430	Sandstone and conglomerate	12	19	85	2.5	250

Results from the program confirm Argentina Uranium's information. In the initial discovery area grab samples returned grades up to 13,400 ppm U. Also, preliminary prospecting traverses completed around the initial radiometric anomaly outlined a 1km long, continuous anomaly with readings >100 counts per second. Additional traverses identified 4 clusters of significant radiometric anomalies to the southwest up to 11km away from the initial discovery. The new anomalies are located along a linear northeast-southwest trending belt (or structure) that has only been partially surveyed. Although the continuity between the four anomaly clusters has not been verified, they represent an 11km long trend open in both directions.

The airborne survey identified three northeast trending zones of uranium mineralization, each approximately 11 km, 6.5km and 5km in length and varying up to 1 km in width.

Chemical analysis of rock and soil samples were performed by SGS Del Peru S.A.C., an internationally recognized analytical service provider. The information above has been reviewed by Dr. Ron McMillan, P.Geo., a consultant to and director of the Company, and a “Qualified Person” as defined by National Instrument 43-101. Official title for the Santa Barbara exploration permits has not yet been granted. The Permit applications are shown on the tenure maps for the Province of Rio Negro and are expected to be officially granted upon completion of consultation with the owners of the relevant surface rights.

Anit Property

As a result of the ongoing property review of Argentina Uranium, the Company announced in January 2008 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 CDN $2.0 million in exploration expenditures over 4 years. During year one there was a firm commitment to complete CDN $100,000 of exploration expenditures. After completing the expenditure commitments, the parties would 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. Official title for the Anit exploration permits has not yet been granted. The permit applications are shown on the tenure maps for the Province of Rio Negro and are expected to be officially granted upon completion of consultation with the owners of the relevant surface rights.

The airborne radiometric survey over the Anit project identified a 15 kilometre long and up to 1.5 kilometre wide uranium anomaly. The Company's and Argentina Uranium's technical teams followed up to ground truth the anomaly and immediately located several rock samples with visible uranium mineralization along a freshly graded gravel road that intersects a portion of the anomaly. The Anit project has had no prior exploration history and represents a brand new grassroots uranium discovery.

The eastern part of the Anit anomaly was detected while flying East-West, 1-kilometre spaced flight lines and the western part was defined by North-South lines flown a few days later. Airborne uranium gamma ray spectrometry results higher than 30 counts per second (CPS) delimit the Anit anomaly. A west-northwest trending anomaly with readings over 50 CPS and up to 138 CPS represents the core of the Anit anomaly. Thorium readings are homogeneous and low (23 CPS average) throughout the Anit anomaly. Regional geologic maps (1:250,000 scale) show early Cretaceous or Tertiary sandstone and conglomerate underlie the Anit anomaly. Late Tertiary and Quaternary gravel and sand deposits cover the older sedimentary rocks. Gamma ray spectrometry results and available geologic information are consistent with a "sandstone-hosted" environment.

The 2008 and 2009 exploration program on Santa Barbara and Anit properties have now started. The program includes overburden augur sampling to a depth of 3 to 5 metres, radon sail gas analyses, ground geophysics, geologic mapping, surface chip sampling from trenches and chemical analyses of augured and trench samples.

The information above has been reviewed by Dr. Ron McMillan, P.Geo., a consultant to and director of the Company, and a “Qualified Person”.

Canada

Eagle Lake and Karin Lake Projects, Saskatchewan

The Eagle Lake and Karin Lake Projects are two adjacent properties located in north-central Saskatchewan, approximately 190km north of La Ronge and 45 kms southeast of Cameco’s Key Lake uranium mine. The Company is earning a 60% interest in the projects which cover 69,000 hectares. The option agreements are detailed below.

In 2006, the Company optioned from Eagle Plains a 60% interest in the 8,165 hectare Eagle Lake uranium property. Under terms of the Eagle Lake Option Agreement, the Company has paid $35,000 cash and is required to incur $5,000,000 in exploration expenditures by February 7, 2011 and issue a total of 1,000,000 common shares (200,000 shares issued) to Eagle Plains. A 1% royalty has been reserved for a third-party individual, and may be purchased at any time for $1,000,000. In February 2007 the Company paid $73,779 to Eagle Plains for its pro-rata shares of staking costs for an additional 26,000 hectares located contiguous to the Eagle Lake Property.

On February 14, 2007 the Company signed a letter of intent (the “Karin Lake LOI”) with Eagle Plains under which the Company proposed, subject to final regulatory approval, to acquire an option to earn a 60% interest in three mineral tenures covering approximately 35,000 hectares located adjacent to the Eagle Lake Property in north-central

Saskatchewan. Under the terms of the Karin Lake LOI the Company must pay $107,795 in cash, issue a total of 700,000 common shares and incur a total of $2.5 million in expenditures by December 31, 2011. The May 29, 2007 option agreement received approval from the TSX-V on July 3, 2007.

The Eagle Lake property is located in a prospective uranium district containing uranium mineralization discovered by Great Plains Development Company of Canada Ltd. ("Great Plains") during the 1969 Athabasca basin uranium rush. Exploration by Great Plains between 1969 and 1971 reportedly identified a float boulder train 1.5 kilometres in length. The boulders reportedly consisted of white pegmatite with uranium stain as well as uranium/copper mineralization in sheared graphitic material. The boulders were collected from an area adjacent to a prominent north-south-trending fault structure visible on government aeromagnetic surveys. Great Plains reported high radon gas values from both water and soil samples collected near the uraniferous boulder train. The bedrock source for these float boulders was not located. At the Karin Lake Property, uranium mineralization occurs both as a low-grade material in granitic pegmatites and associated granites, as well as higher-grade fracture-controlled mineralization in pegmatites and metasediments.

In the fall of 2006, the Company conducted a $170,000 exploration program on the Eagle Lake Property that included prospecting and airborne geophysical surveying. In 2007, surface prospecting programs were carried out on the Eagle Lake and Karin Lake Properties. They included scintillometer prospecting, geological mapping and a radon soil gas survey. This exploration program identified numerous zones of interest and many potential drill targets including the Craig's Bay target which demonstrated anomalous scintillometer readings and a very large boulder train containing dozens of highly anomalous rock samples. The Craig's Bay mineral showing is located along the southeast margin of a 27 kilometer long conductive EM anomaly ring feature which lies entirely within the Karin Lake property claim area.

A 1,500m drilling program is currently underway on the Eagle Lake/Karin Lake Projects. The drill program will test the Craig's Bay mineral showing along portions of a strong EM-conductor identified during the 2006 GEOTEM airborne survey. The EM conductor coincides with a >2 kilometre long pronounced topographic lineament that is associated with yellow and red stained mineralized boulders. Recent exploration along this lineament by Eagle Plains geologists has revealed an extensive anomalous outcrop area, with sample values of up to 0.18% U_3O_8.

The Eagle Lake Option Agreement and the Karin Lake LOI were amended to cover the costs of the drilling program. The parties have agreed to a $477,000 budget for the program. The Company will issue an additional 500,000 shares to cover 50% of the cost and will pay no more than $239,000 for the remaining 50% of the drill program. The additional shares to be issued will be released at a rate of 100,000 per month beginning July 1, 2008 and ending on November 30, 2008. Expenditures by the Company on work commitments in excess of the minimum required in earlier agreements on either the Eagle Lake or Karin Lake projects can be applied against outstanding work commitments on the other project.

The work on the property was overseen and reviewed by C.C. (Chuck) Downie, P.Geo., a "Qualified Person" under National Instrument 43-101.

On August 22, 2008 the Company gave notice that it was terminating its option on the Eagle Lake Property and the Karin Lake Property.

Colombia

Santander and Norte de Santander Properties

In March 2007 the Company entered into two option agreements to acquire a 100% interest in two uranium projects in Colombia - one project, covering 5,499 hectares, in the department of Santander and another project, covering 9,592 hectares, in the department of Norte de Santander.

Under the terms of the option agreements, the Company must make staged cash payments over four years totaling US $414,080 on each project, with US $20,000 due on each project in the first 12 months. Each project is subject to a 3% yellow cake Royalty capped at US $1,100,000. During the term of the option agreements, the Company will be required to make all annual mineral lease payments of approximately $115,000. There are no minimum work commitments. The Company is currently establishing operations in Colombia.

The Santander property is underlain by the Jurassic Giron Formation and has potential for hosting sandstone-type uranium mineralization. The Norte de Santander property has potential for pegmatite-hosted mineralization and is underlain by Jurassic-Cretaceous granitic rocks which cut older gneisses. The Company engaged a consulting geologist to conduct a field examination of the Norte de Santander property in November and December 2007, including stream sediment sampling, scintillometer surveys and geologic mapping.

In May 2008 the Company terminated its uranium exploration activities in Colombia and Company operations are in the process of being liquidated.

Selected Financial Data and Fourth Quarter Discussion

Due to a change in accounting policy relating to exploration expenditures, results for 2007 have been restated. Refer to "Changes in accounting policy" or note 2 of the consolidated financial statements for the year ended December 31, 2008 for details.

The following selected financial information is derived from the unaudited interim financial statements of the Company prepared in accordance with Canadian GAAP.

	Three Months Ended							
	2008				2007 (Restated)			
	Dec. 31 $	Sept. 30 $	Jun. 30 $	Mar. 31 $	Dec. 31 $	Sept. 30 $	Jun. 30 $	Mar. 31 $
Revenues	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Net Loss	(464,822)	(505,454)	(1,875,222)	(763,394)	(592,047)	(832,881)	(736,295)	(547,196)
Net Loss per Common Share Basic and Diluted	(0.02)	(0.02)	(0.07)	(0.03)	(0.04)	(0.05)	(0.05)	(0.03)

For the three months ended December 31, 2008, the Company recorded a loss of $464,822, a decrease in loss of $127,225 from the loss of $592,047 in the three months ended December 31, 2007. The decrease in loss is primarily a result of:

(i) Corporate development and investor relations decreased by $103,792 to $17,217 in the 2008 period compared to $121,009 in the 2007 period as a result of decreased activities and the company focusing less on investor relations.

(ii) Office expense decreased by $42,035 to $29,939 in the 2008 period compared to $71,973 in the 2007 period as a result of decreased activities.

(iii) Travel decreased by $40,799 to $12,988 in the 2008 period compared to $53,787 in the 2007 period as a result of a decreased number of visits to exploration projects, as well as less travel to investor and industry conferences.

Selected Annual Financial Information

The following selected consolidated financial information is derived from the audited consolidated financial statements and notes thereto. The information has been prepared in accordance with Canadian GAAP.

Years Ended December 31,	2008 $	2007 $ Restated	2006 $ Restated
Mineral property acquisition costs	3,377,956	607,630	45,656
Total Assets	4,115,699	2,464,791	1,599,141
Long Term Financial Liabilities	-	-	-
Interest Income	17,433	95,995	20,617
General and Administrative Expenses	(1,390,534)	(1,561,319)	(194,185)
Exploration expenditures	(1,296,853)	(1,252,206)	(179,293)
Net Loss	(3,608,892)	(2,708,419)	(352,861)
Net Loss per Common Share Basic and Diluted	(0.14)	(0.17)	(0.04)

** Amounts have been restated to conform to a change in accounting policy. See "Changes in accounting policy" or note 2 of the consolidated financial statements for the year ended December 31, 2008.*

Summary of Financial Results

For the year ended December 31, 2008, the Company reported a consolidated loss of $3,608,892 ($0.14 per share), an increase in loss of $900,473 from the loss of $2,708,419 ($0.17 per share) for the year ended December 31, 2007. The increase in the loss in 2008, compared to the 2007 amount, was due to a number of factors of which $126,138 can be attributed to decreases in operating expenses, offset by a $1,026,611 decrease in other income items.

Results of Operations

The Company's operating expenses for the year ended December 31, 2008, were $2,687,387, a decrease of $126,138 from $2,813,525 in the 2007 as a result of the following:

- (i) Accounting and administration fees increased by $51,699 to 107,864 in 2008 compared to $56,165 in 2007 as a result of the Company's recent focus in Argentina.
- (ii) Corporate development and investor relation fees decreased by $215,300 to $213,889 in 2008 compared to $429,189 as result of the Company attending less investor and industry conferences.
- (iii) Office expenses decreased by $54,649 to $135,054 from $189,703 as a result of the Compnay incurring recruitment fees in 2007. Office expense is comprised of an allocation of fees from Grosso Group (see discussion in related parties section below).
- (iv) Professional fees increased to $172,012 in 2008 from $89,638 in 2007 due to costs associated with the acquisition of Argentina Uranium.
- (v) Rent, parking and storage increased $51,617 due to increased activity during the year. Rent, parking and storage is comprised of an allocation of fees from Grosso Group (see discussion in related parties section below).
- (vi) Salaries increased by $239,922 to $505,344 compared to $265,422 in 2007 as a result of hiring additional staff during 2008. The salary expense is comprised of an allocation of fees from Grosso Group Management Ltd. (see discussion in related parties section below).
- (vii) Stock-based compensation was $19,010 in 2008 compared to $298,665 in 2007 which represents the estimated fair value of 100,000 stock options granted (2007 – 670,000) to directors and consultants in the year. The fair value was obtained using the Black-Scholes Pricing Model.
- (viii) Travel and accommodation decreased by $48,721 to $89,956 in 2008 compared to $138,677 in 2007 as a result of decreased business travel activities incurred in the 2008.

During the year ended December 31, 2008, the Company recorded interest income of $17,433 compared to $95,955 in 2007 as a result of a decrease in short-term investments.

During the year ended December 31, 2008 the Company acquired all of the issued and outstanding shares of Argentina Uranium, which resulted in acquisition costs of $2,512,130 being capitalized to the portfolio of Argentinean properties.

The Company also capitalized cash payments of $34,406 on the Anit property. In Argentina the Company incurred exploration expenditures of $241,606 on Santa Barbara, $45,783 on Anit, and $928 on Cabeza de Potro. During the year the Company terminated its option agreements on the Eagle Lake, Karin Lake, Santander and Norte Santander properties resulting in a write-off of acquisition costs of $951,630.

Liquidity and Capital Resources

The Company's cash position at December 31, 2008 was $619,662 an increase of $448,606 from the December 31, 2007 balance of $171,056. Short-term investments balance was $Nil at December 31, 2008 compared to $1,541,655 at December 31, 2007. Total assets increased to $4,115,699 at December 31, 2008 from $2,464,791 at December 31, 2007. This increase is mainly due to the increase in mineral property interests as a result of the acquisition of Argentina Uranium, partially offset by a decrease in short-term investments.

As of April 24, 2009 the Company had working capital of approximately $420,000. The Company does not consider that it has adequate resources to maintain its ongoing operations and current property commitments for the ensuing year and as a result will require additional financings. The Company will continue to rely on successfully completing additional equity financing to maintain its core activities and further exploration of its existing and new properties in the Americas. There can be no assurance that the Company will be successful in obtaining the required financing. The failure to obtain such financing could result in the loss of the Company's interest in one or more of its mineral claims.

The Company has financed its operations through the sale of its equity securities. During the year ended December 31, 2008, 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.

- 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.

- Completed the first tranche of the non-brokered private placement announced on September 12, 2008 consisting of 2,750,000 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.

- Completed the second and final tranche of the non-brokered private placement announced on October 28, 2008 consisting of 5,583,333 units at a price of $0.12 per Unit for gross proceeds of $670,000. 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 February 28, 2009 and the warrants will be exercisable up to and including October 28, 2010.

Subsequent to December 31, 2008 the Company:

- Announced a non-brokered private placement consisting of 7,000,000 units at a price of $0.10 per unit for gross proceeds of $700,000. Each Unit will consist of one common share and one 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 $0.20 per share for 18 months. The securities will be subject to a 4 month hold period.

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.

Operating Cash Flow

Cash outflow from operating activities was $2,647,488 for the year ended December 31, 2008 compared to cash outflow of $2,379,450 for 2007.

Financing Activities

For the year ended December 31, 2008 the Company received $1,773,100 less related issue costs of $153,638 from private placements and $14,278 from the exercise of agent's warrants. For the year ended December 31, 2007, the Company received $3,300,000 from private placements less share issue costs of $402,055 and $4,272 from the exercise of agent's warrants.

Investing Activities

Investing activities generated cash of $1,462,354 during the year ended December 31, 2008, compared to $1,349,484 required in 2007, primarily a result of a decrease in short-term investments in 2008 and an increase in short-term investments in 2007.

Related Party Transactions.

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. The Grosso Group services contract also provides that, in the event the services are terminated by a member company, a termination payment would include three months of compensation and any contractual obligations that the Grosso Group undertook for the company, up to a maximum of $500,000. The Company has significant influence over the Grosso Group and therefore it has been accounted for using the equity method.

During the year ended December 31, 2008, the Company incurred fees of $619,085 (2007 – $377,718) from the Grosso Group: $619,803 (2007 - $344,360) was paid in monthly installments and $718 is included in accounts receivable as a result of a review of the allocation of the Grosso Group costs to the member companies for the period (2007 - $33,358 included in accounts payable and accrued liabilities). 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 year ended December 31, 2007, the Company incurred additional fees of $8,000 from the Grosso Group.

As at December 31, 2008, included in prepaid expenses is a $50,000 (2007 - $50,000) deposit to the Grosso Group for operating working capital.

Effective February 29, 2008 Gold Point Energy withdrew as a shareholder of Grosso Group and discontinued the use of the services and facilities provided.

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 Panthera Exploration Inc. withdrew as a shareholder of Grosso Group and discontinued the use of the services and facilities provided.

During the year ended December 31, 2008, the Company incurred $20,561 (2007 - $65,780) for geological consulting services, including travel expenses, provided by a private corporation owned by a director of the Company.

During the year ended December 31, 2008, the Company incurred fees of $33,819 (2007 - $20,583) for consulting and management services provided by a director of the Company.

Effective May 1, 2007, the Company entered into an agreement with IMA Exploration Inc. 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 year ended December 31, 2008, the Company paid $10,000 (2007 - $13,333) 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.

Contractual Commitments

The Company does not have any commitments as at December 31, 2008.

Critical Accounting Estimates and Recent Accounting Pronouncements

The preparation of financial statements in conformity with Canadian GAAP 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 3 of the Company's consolidated financial statements for the year ended December 31, 2008. These accounting policies can have a significant impact on the financial performance and financial position of the Company.

Changes in accounting policy

During the year ended December 31, 2008, the Company retrospectively changed its accounting policy for exploration expenditures to be more relevant and reliable. Prior to the year ended December 31, 2008, the Company capitalized all such costs to mineral properties held directly or through an investment and would only write down capitalized costs if the property was abandoned or if the capitalized costs were not considered to be economically recoverable.

Exploration expenditures are now charged to earnings as they are incurred until the property reaches development stage. All direct costs related to the acquisition of resource property interests will continue to be 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.

The Company has accounted for this change in accounting policy on a retroactive basis. The impact of this change on the previously reported December 31, 2007 consolidated financial statements is as follows:

	As previously reported $	Restatement $	As restated $
Mineral property interests as at December 31, 2007	1,626,639	(1,019,009)	607,630
Exploration for the year ended December 31, 2007	412,490	839,716	1,252,206
Loss for the year ended December 31, 2007	(1,868,703)	(839,716)	(2,708,419)
Loss per share for the year ended December 31, 2007	(0.12)	(0.05)	(0.17)
Deficit at December 31, 2007	(2,048,564)	(1,019,009)	(3,067,573)
Deficit at December 31, 2006	(179,861)	(179,293)	(359,154)

Mineral Property Interests

Considering EIC-174, Mining Exploration Costs, during the year ended December 31, 2008, the Company changed its accounting policy relating to mineral property exploration expenditures and it now expenses exploration expenditures when incurred.

When a property is placed in commercial production, acquisition costs will be depleted using the units-of-production method. Management periodically reviews the recoverability of the capitalized mineral properties. Management takes into consideration various information including, but not limited to, results of exploration activities conducted to date, estimated future metal prices, and reports and opinions of outside geologists, mine engineers and consultants. When it is determined that a project or property will be abandoned then the acquisition costs are written-off, or if its carrying value has been impaired, then the costs are written down to fair value.

Mineral property acquisition costs include cash costs and the fair market value of common shares, based on the trading price of the shares issued for mineral property interests, pursuant to the terms of the related property agreements. Payments relating 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.

The Company accounts for foreign value added taxes paid as part of exploration expense. The recovery of these taxes will commence on the beginning of foreign commercial operations. Should these amounts be recovered they would be treated as a reduction in general exploration expense.

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.

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 year ended December 31, 2008

Accounting Changes

Effective January 1, 2007, the Company adopted the revised CICA Handbook Section 1506, *Accounting Changes*, which requires that: (a) a voluntary change in accounting principals can be made if, and only if, the changes result in more reliable and relevant information, (b) changes in accounting policies are accompanied with disclosures of prior period amounts and justification for the change and (c) for changes in estimates, the nature and amount of the change should be disclosed.

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 is 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 is disclosed in note 14 of the financial statements for the year ended December 31, 2008.

New Accounting Pronouncements

Effective January 1, 2008, the Company adopted the following new accounting standards issued by the Canadian Institute of Chartered Accountants ("CICA").

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 preoperating 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.

International Financial Reporting Standards

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. The Company is currently in the process of developing an IFRS conversion plan and evaluating the impact of the transition to IFRS. The Company will continue to invest in training and resources throughout the transition period to facilitate timely conversion.

Financial Instruments

The Corporation's financial instruments consist of cash, short-term investments, amounts receivable 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.

Risk Factors

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.

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. With regards to the Company's Argentinean properties it is still in the process of some of the concessions being granted.

Metal Price Risk: The Company's portfolio of properties has exposure predominantly to uranium. The price of this resource greatly affects the value of the Company and the potential value of its properties 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 Argentina. 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.

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.

Interest rate risk: Interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. Current financial assets and financial liabilities are generally not exposed to significant interest rate risk because of their current nature.

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 in which the Company is registered exempted Venture Issuer from certifying disclosure controls and procedures, as well as, Internal Controls over Financial Reporting as of December 31, 2007, and thereafter. Since the Company is a Venture Issuer, it is now required to file basic certificates, which it has done for the year ended December 31, 2008. The Company makes no assessment relating to establishment and maintenance of disclosure controls and procedures as defined under Multilateral Instrument 52-109 as at December 31, 2008.

Investor Relations Activities

The investor relations program is focusing 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.

Outstanding Share Data

The Company's authorized share capital is an unlimited number of common and preferred shares without par value. As of December 31, 2008, there were 37,820,000 outstanding common shares and 1,635,000 stock options, which were outstanding and exercisable, with exercising prices ranging between $0.10 and $1.00. In addition, there were 11,292,665 warrants outstanding, with exercise prices ranging between $0.18 and $1.30. More information on these instruments and the terms of their conversion are set out in Note 8 to the Company's December 31, 2008 audited consolidated financial statements.

As of April 24, 2009, there were outstanding 37,820,000 common shares, 1,635,000 stock options and 11,292,665 warrants or Agent's Options.