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**BLUE SKY URANIUM CORP.**

*(formerly Mulligan Capital Corp.)*

*(An Exploration Stage Company)*

INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED  
MARCH 31, 2008 AND 2007

*(Expressed in Canadian Dollars)*

*(Unaudited – Prepared by Management)*

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**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 three months ended March 31, 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.

**BLUE SKY URANIUM CORP.**  
*(formerly Mulligan Capital Corp.)*  
*(An Exploration Stage Company)*  
**INTERIM CONSOLIDATED BALANCE SHEETS**  
*(Unaudited - Expressed in Canadian Dollars)*

	<b>March 31, 2008 \$</b>	<b>December 31, 2007 \$</b>
<b>A S S E T S</b>		
<b>CURRENT ASSETS</b>		
Cash	296,107	171,056
Short-term investments (Note 3)	729,100	1,541,655
Amounts receivable (Note 8)	99,355	19,173
Prepaid expenses (Note 8)	87,773	94,585
Deferred share issue costs (Note 6)	19,465	-
	1,231,800	1,826,469
<b>MINERAL PROPERTY AND DEFERRED COSTS</b> (Note 4)	2,197,647	1,626,639
<b>EQUIPMENT</b> (Note 5)	28,001	30,692
	3,457,448	3,483,800

**L I A B I L I T I E S**

<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities (Note 8)	349,924	177,896

**S H A R E H O L D E R S ' E Q U I T Y**

<b>SHARE CAPITAL</b> (Note 6)	4,778,891	4,399,896
<b>WARRANTS</b> (Note 6)	439,340	439,340
<b>CONTRIBUTED SURPLUS</b> (Note 7)	534,242	515,232
<b>DEFICIT</b>	(2,644,949)	(2,048,564)
	3,107,524	3,305,904
	3,457,448	3,483,800

**NATURE OF OPERATIONS** (Note 1)  
**COMMITMENTS** (Note 4)

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)*

	<b>Three Months Ended</b>	
	<b>March 31,</b>	
	<b>2008</b>	<b>2007</b>
	<b>\$</b>	<b>\$</b>
<b>EXPENSES</b>		
Accounting and administration (Note 8)	19,356	23,281
Amortization	2,691	1,074
Corporate development and investor relations	109,315	64,994
General exploration	177,867	26,786
Office (Note 8)	38,440	14,304
Professional fees	45,748	45,302
Rent, parking and storage (Note 8)	18,566	2,411
Salaries and employee benefits (Note 8)	128,789	10,983
Stock-based compensation (Note 6(b))	19,010	140,000
Transfer agent and regulatory	10,892	18,059
Travel and accommodation	37,845	31,589
	<u>608,519</u>	<u>378,783</u>
<b>LOSS BEFORE OTHER ITEMS</b>	<u>(608,519)</u>	<u>(378,783)</u>
<b>OTHER INCOME (EXPENSE)</b>		
Foreign exchange loss	(2,689)	(28)
Interest income	14,823	10,908
	<u>12,134</u>	<u>10,880</u>
<b>LOSS AND COMPRHENSIVE LOSS FOR THE PERIOD</b>	(596,385)	(367,903)
<b>DEFICIT - BEGINNING OF PERIOD</b>	<u>(2,048,564)</u>	<u>(179,861)</u>
<b>DEFICIT - END OF PERIOD</b>	<u>(2,644,949)</u>	<u>(547,764)</u>
<b>BASIC AND DILUTED INCOME (LOSS) PER SHARE</b>	<u>(0.03)</u>	<u>(0.03)</u>
<b>WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING</b>	<u>17,138,781</u>	<u>13,724,997</u>

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**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)*

	<b>Three Months Ended March 31,</b>	
	<b>2008</b>	<b>2007</b>
	<b>\$</b>	<b>\$</b>
<b>SHARE CAPITAL</b>		
Balance at beginning of period	4,399,896	1,785,456
Private placements	-	3,300,000
Warrant valuation	-	(416,000)
Shares issued as corporate finance fee	-	60,000
Shares issued for mineral property interest	374,000	186,000
Exercise of warrants	4,995	4,072
Contributed surplus reallocated on the exercise of warrants	-	2,443
Share issue costs	-	(526,014)
Balance at end of period	<u>4,778,891</u>	<u>4,395,957</u>
<b>WARRANTS</b>		
Balance at beginning of period	439,340	-
Warrant valuation from private placement warrants granted	-	416,000
Warrant valuation from agent's options granted	-	169,977
Warrant issue costs	-	(75,874)
Balance at end of period	<u>439,340</u>	<u>510,103</u>
<b>CONTRIBUTED SUPRLUS</b>		
Balance at beginning of period	515,232	91,130
Contributed surplus as a result of stock options granted	19,010	140,000
Contributed surplus reallocated on the exercise of warrants	-	(2,443)
Balance at end of period	<u>534,242</u>	<u>228,687</u>
<b>DEFICIT</b>		
Balance at beginning of period	(2,048,564)	(179,861)
Loss for the period	<u>(596,385)</u>	<u>(367,903)</u>
Balance at end of period	<u>(2,644,949)</u>	<u>(547,764)</u>
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<u><u>3,107,524</u></u>	<u><u>4,586,984</u></u>

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**BLUE SKY URANIUM CORP.***(formerly Mulligan Capital Corp.)**(An Exploration Stage Company)***INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS***(Unaudited - Expressed in Canadian Dollars)*

	<b>Three Months Ended</b>	
	<b>March 31,</b>	
	<b>2008</b>	<b>2007</b>
	<b>\$</b>	<b>\$</b>
<b>CASH PROVIDED FROM (USED FOR)</b>		
<b>OPERATING ACTIVITIES</b>		
Loss for the period	(596,385)	(367,903)
Adjustment for item not affecting cash		
Amortization	2,691	1,074
Stock-based compensation	19,010	140,000
	<u>(574,684)</u>	<u>(226,829)</u>
Change in non-cash working capital balances	60,389	37,047
	<u>(514,295)</u>	<u>(189,782)</u>
<b>FINANCING ACTIVITIES</b>		
Issuance of common shares and warrants	4,995	3,304,072
Deferred share issue costs	(19,465)	-
Share and warrant issuance costs	-	(371,912)
	<u>(14,470)</u>	<u>2,932,160</u>
<b>INVESTING ACTIVITIES</b>		
Expenditures on mineral properties and deferred costs	(158,739)	(108,779)
Increase (decrease) in short-term investments	812,555	(6,750)
	<u>653,816</u>	<u>(115,529)</u>
<b>INCREASE (DECREASE) IN CASH DURING THE PERIOD</b>	125,051	2,626,849
<b>CASH - BEGINNING OF PERIOD</b>	<u>171,056</u>	<u>997,773</u>
<b>CASH - END OF PERIOD</b>	<u><u>296,107</u></u>	<u><u>3,624,622</u></u>

**SUPPLEMENTARY CASH FLOW INFORMATION** (Note 10)

*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 THREE MONTHS ENDED MARCH 31, 2008**

	<u>Canada</u>		<u>Argentina</u>		<u>Colombia</u>	<u>Total</u> \$
	<u>Eagle Lake</u> \$	<u>Karin Lake</u> \$	<u>Santa Barbara</u> \$	<u>Anit</u> \$	<u>Santander &amp; Norte de Santander</u> \$	
<b>BALANCE - BEGINNING OF PERIOD</b>	728,377	548,153	222,806	-	127,303	1,626,639
<b>EXPENDITURES DURING THE PERIOD</b>						
<b>EXPLORATION COSTS</b>						
Geophysics	-	-	17,621	6,365	-	23,986
Salaries and contractors	17,471	18,681	11,140	5,790	-	53,082
Supplies and equipment	58	5,045	22,719	18,329	-	46,151
Transportation	3,350	4,921	240	240	-	8,751
IVA taxes	-	-	2,290	-	-	2,290
	<u>20,879</u>	<u>28,647</u>	<u>54,010</u>	<u>30,724</u>	<u>-</u>	<u>134,260</u>
<b>ACQUISITION COSTS</b>						
Option payments	48,000	326,000	-	32,748	30,000	436,748
<b>BALANCE - END OF PERIOD</b>	<u>797,256</u>	<u>902,800</u>	<u>276,816</u>	<u>63,472</u>	<u>157,303</u>	<u>2,197,647</u>

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**NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2008**  
*(Unaudited – Expressed in Canadian Dollars)*

**1. NATURE OF OPERATIONS**

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 TSXV. The Company also changed its name to Blue Sky Uranium Corp. to reflect its business as a junior uranium exploration company.

As of March 31, 2008, the Company is in the process of exploring mineral properties in Canada, Argentina and Colombia. 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.

**2. SIGNIFICANT ACCOUNTING POLICIES**

The interim consolidated financial statements of the Company have been prepared by management in accordance with Canadian generally accepted accounting principles. The preparation of financial statements in conformity with generally accepted accounting principles 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:

***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 three months ended March 31, 2008.



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**NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2008**  
*(Unaudited – Expressed in Canadian Dollars)*

**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

***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 three months ended March 31, 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 three months ended March 31, 2008.

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**NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2008**  
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**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. SHORT-TERM INVESTMENTS**

As at March 31, 2008 and December 31, 2007, the Company held short-term investments comprised of the following:

	<u>March 31, 2008</u>	
	<u>Maturity</u>	<u>Fair Value</u>
		\$
12 month term deposit		
- 4.2% annual interest rate (\$700,000 principal)	April 28, 2008	<u>729,100</u>
	<u>December 31, 2007</u>	
	<u>Maturity</u>	<u>Principal</u>
		\$
12 month term deposit		
- 4.2% annual interest rate (\$1,500,000 principal)	April 28, 2008	<u>1,541,655</u>

All term deposits are fully redeemable in full or portion at the Company's option without penalty. Interest is paid on amounts redeemed subsequent to 30 days from the date of investment. The principal and interest are unconditionally guaranteed by the Bank of Montreal.

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**NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2008**  
*(Unaudited – Expressed in Canadian Dollars)*

**4. MINERAL PROPERTY INTERESTS**

	March 31, 2008			December 31, 2007		
	Acquisition Costs \$	Exploration Expenditures \$	Total \$	Acquisition Costs \$	Exploration Expenditures \$	Total \$
Canada						
Eagle Lake	388,435	408,821	797,256	340,435	387,942	728,377
Karin Lake	458,914	443,886	902,800	132,914	415,239	548,153
Argentina						
Santa Barbara	60,000	216,816	276,816	60,000	162,806	222,806
Anit	32,748	30,724	63,472	-	-	-
Colombia						
Santander & Norte de Santander	<u>104,281</u>	<u>53,022</u>	<u>157,303</u>	<u>74,281</u>	<u>53,022</u>	<u>127,303</u>
	<u>1,011,630</u>	<u>1,186,017</u>	<u>2,197,647</u>	<u>607,630</u>	<u>1,019,009</u>	<u>1,626,639</u>

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.

The Company announced the amendment 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 have agreed to a \$477,000 budget for an upcoming drilling program that commenced in March 2008. The Company will issue an additional 500,000 shares to cover 50% of the cost of the drill program 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 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:

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**NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2008**  
(Unaudited – Expressed in Canadian Dollars)

**4. MINERAL PROPERTY INTERESTS (continued)**

Date	Expenditures \$	Shares #	Option Payments \$
February 7, 2007 <sup>(i)</sup> (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	-
	<u>5,000,000</u>	<u>1,000,000</u>	<u>35,000</u>

(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.

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:

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	-
	<u>2,500,000</u>	<u>1,200,000</u>	<u>107,795</u>

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**4. MINERAL PROPERTY INTERESTS (continued)**

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.

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. In order to earn a 75% undivided interest in the Santa Barbara property the Company must maintain the property in good standing, complete CDN \$3.0 million in exploration expenditures over 4 years, issue a total of 400,000 (100,000 issued) shares to Argentina Uranium as follows:

Date	Expenditures \$	Shares #
On TSX Venture Exchange approval (issued)	-	100,000
May 8, 2008	200,000	70,000
May 8, 2009	400,000	70,000
May 8, 2010	800,000	70,000
May 8, 2011	<u>1,600,000</u>	<u>90,000</u>
	<u><u>3,000,000</u></u>	<u><u>400,000</u></u>

After completing the expenditure and share commitments, the parties will form a 75/25 joint venture. If Argentina Uranium fails to contribute its share to development of the project it would be diluted down to a 2% yellowcake royalty.

On February 27, 2008 the Company announced it had signed a Letter of Intent ("LOI") with Argentina Uranium to acquire all of the issued and outstanding shares of Argentina Uranium or all of its mineral property interests in Argentina. The Company will issue 8.295 million shares. The LOI is subject to TSX-V approval and due diligence review.

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. If Argentina Uranium fails to contribute its share to development of the project it would be diluted down to a 2% yellowcake royalty.

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**FOR THE THREE MONTHS ENDED MARCH 31, 2008**

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**4. 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 Norte de Santander project.

**5. EQUIPMENT**

March 31, 2008	Cost \$	Accumulated Amortization \$	Net Carrying Amount \$
<b>Geological equipment</b>	37,000	11,268	25,732
<b>Computer equipment</b>	3,025	756	2,269
	40,025	12,024	28,001
December 31, 2007	Cost \$	Accumulated Amortization \$	Net Carrying Amount \$
<b>Geological equipment</b>	37,000	8,955	28,045
<b>Computer equipment</b>	3,025	378	2,647
	40,025	9,333	30,692

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**FOR THE THREE MONTHS ENDED MARCH 31, 2008**  
*(Unaudited – Expressed in Canadian Dollars)*

**6. SHARE CAPITAL**

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

Issued common shares:	March 31, 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	-	-	3,300,000	3,300,000
Less warrants valuation	-	-	-	(535,000)
Agent's options exercised	49,955	4,995	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 mineral property interests	800,000	374,000	350,000	277,000
Less share issue costs	-	-	-	(494,395)
Balance, end of period	17,980,170	4,778,891	17,130,215	4,399,896

- a) During the three months ended March 31, 2008, the Company
- (i) The Company has announced a financing to raise up to \$2,000,000 through Canaccord Capital Corporation.
  - (ii) 49,955 warrants were exercised at \$0.10 each for proceeds of \$4,996.
- 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 three months ended March 31, 2008 is as follows:

	Number	Weighted Average Exercise Price \$
Balance, beginning of period	1,640,000	0.43
Granted	100,000	0.40
Balance, end of period	1,740,000	0.43

**BLUE SKY URANIUM CORP.**  
*(formerly Mulligan Capital Corp.)*  
*(An Exploration Stage Company)*

**NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2008**  
*(Unaudited – Expressed in Canadian Dollars)*

**6. SHARE CAPITAL** (continued)

During the three months ended March 31, 2008, the Company granted 100,000 stock options (2007 – 350,000) and recorded stock-based compensation expense of \$19,010 (2007 - \$140,000) 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 March 31, 2008, are as follows:

Number	Exercise Price	Expiry Date
1,000,000	\$0.10	June 28, 2011
335,000	\$0.90	January 31, 2010
305,000	\$1.00	June 1, 2012
<u>100,000</u>	<u>\$0.40</u>	<u>January 5, 2013</u>
<u><u>1,740,000</u></u>		

c) Warrants and Agent's Options

A summary of the changes in outstanding warrants and Agent's Options for the period ended March 31, 2008 is as follows:

	Warrants #	Agents Options #
Balance, December 31, 2007	1,650,000	469,785
Exercised	<u>-</u>	<u>(49,955)</u>
Balance, March 31, 2008	<u><u>1,650,000</u></u>	<u><u>419,830</u></u>

Common shares reserved pursuant to warrants outstanding at March 31, 2008 are as follows:

Number	Exercise Price \$	Expiry Date
92,830	0.10	June 28, 2008
200,000	1.00	March 23, 2009
127,000	1.00	March 30, 2009
<u>1,650,000</u>	<u>1.30</u>	<u>March 23, 2009</u>
<u><u>2,069,830</u></u>		

There were no changes in the Company's warrant equity for the three month period ended March 31, 2008.

d) As at March 31, 2008 2,419,500 common shares are held in escrow in accordance with the rules of the TSX-V and are released every six months ending February 6, 2010.



**BLUE SKY URANIUM CORP.**  
*(formerly Mulligan Capital Corp.)*  
*(An Exploration Stage Company)*

**NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2008**  
*(Unaudited – Expressed in Canadian Dollars)*

**7. 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	<u>19,010</u>
Balance, March 31, 2008	<u><u>534,242</u></u>

**8. 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”), Golden Arrow Resources Corporation (“Golden Arrow”), Amera Resources Corporation and Astral Mining Corporation (“Astral”), 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 Company became a shareholder of the Grosso Group effective March 1, 2007. During the three months ended March 31, 2008, the Company incurred fees of \$168,395 (2007 - \$16,173) from the Grosso Group: \$123,000 (2007 - \$16,700) was paid in monthly installments and \$45,395 is included in accounts payable and accrued liabilities (2007 - \$527 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. 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 three months ended March 31, 2007, the Company incurred additional fees of \$8,000 from the Grosso Group.

As at March 31, 2008, a \$50,000 deposit to the Grosso Group is included in prepaid expenses.

Astral gave notice that it will withdraw as a shareholder of Grosso Group, effective May 31, 2008, and discontinue the use of the services and facilities provided.

- b) The Company, Golden Arrow and IMA share office space and costs in Buenos Aires, Argentina and Bogota, Colombia.
- c) During the three months ended March 31, 2008, the Company incurred \$4,800 (2007 - \$25,048) 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 \$1,600 were expensed during the year.
- d) During the three months ended March 31, 2008, the Company incurred fees of \$8,470 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 three months ended March 31, 2008, the Company paid \$5,000 to IMA for the services.

**BLUE SKY URANIUM CORP.**  
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**NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2008**  
*(Unaudited – Expressed in Canadian Dollars)*

**8. RELATED PARTY TRANSACTIONS** (continued)

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.

**9. SEGMENTED INFORMATION**

The Company is primarily involved in mineral exploration activities in Canada, Argentina and Colombia. The Company is in the exploration stage and, accordingly, has no reportable segment revenues or operating revenues for the three months ended March 31, 2008. The Company's total assets are segmented as follows:

The Company's total assets are segmented as follows:

	<b>March 31, 2008</b>			
	<b>Canada</b>	<b>Argentina</b>	<b>Colombia</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Current assets	984,925	81,305	165,570	1,231,800
Mineral properties and deferred costs	1,700,056	340,288	157,303	2,197,647
Capital assets	28,001	-	-	28,001
	<u>2,712,982</u>	<u>421,593</u>	<u>322,873</u>	<u>3,457,448</u>
	<b>December 31, 2007</b>			
	<b>Canada</b>	<b>Argentina</b>	<b>Colombia</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
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
	<u>3,033,636</u>	<u>222,806</u>	<u>227,358</u>	<u>3,483,800</u>

**10. SUPPLEMENTARY CASH FLOW INFORMATION**

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

	<b>Three Months Ended March 31,</b>	
	<b>2008</b>	<b>2007</b>
	<b>\$</b>	<b>\$</b>
Investing activities		
Accounts payable for mineral properties and deferred costs	38,269	-
Expenditures on mineral property interests	(412,269)	(186,000)
Common shares issued for mineral property interests	374,000	186,000
	<u>-</u>	<u>-</u>
Financing activities		
Common shares issued for non-cash consideration	-	60,000
Agent's options issued for non-cash consideration	-	169,977
Share issue costs	-	(200,986)
Warrant issue costs	-	(28,991)
	<u>-</u>	<u>-</u>

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**NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2008**  
*(Unaudited – Expressed in Canadian Dollars)*

**11. FINANCIAL INSTRUMENTS**

The Corporation's financial instruments are comprised 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.