

Uraniumletter INTERNATIONAL

the international independent information and advice bulletin for uranium resource investments

Special Situation – September 2017

www.blueskyuranium.com



Blue Sky Uranium Corp. (C\$ 0.125)

TSX.V : BSK
OTC : BKUCF
FSE : MAL2

H+L prices (12 months) : C\$ 0.62 – 0.10

Issued shares : 71.68 million
Fully diluted : 76.40 million

Market capitalization : C\$ 8.96 million
(US\$ 7.4 million)

First price target: C\$ 0.30

Company profile

Blue Sky Uranium (“**Blue Sky**”) is a leader in uranium discovery in Argentina. The Company’s objective is to deliver exceptional returns to shareholders by delineating uranium resources in anticipation of a return to a positive uranium market. The Company holds 428,000 hectares of property located in two of the most prospective uranium provinces of Argentina.

Blue Sky’s flagship **Amarillo Grande Uranium-Vanadium Project** in the Rio Negro province was an in-house discovery of a new district that has the potential to be among the first domestic suppliers of uranium to the growing Argentine market, as the largest generator of electricity from nuclear energy in South America.

The positive growth outlook for the Argentina nuclear industry—mandate will more than double nuclear power usage by 2025

Phase 1 drilling at the prospective **Ivana target** which comprised a total of 3,729 metres of RC drilling being extended from the original 3,000 metres planned. Highlights include 910 ppm U₃O₈ over 6.0 metres and 626 ppm U₃O₈ over 6 metres.

Phase 2 drilling program, to be funded from the C\$ 2.49 million proceeds from the exercise of warrants, is planned in the course of September.




Overview of projects

➤ Amarillo Grande Uranium-Vanadium Project – Rio Negro Province

Aggressive Exploration in **A New Uranium District** in central Rio Negro

- Exclusive Rights to 100% of **~250,000 hectares**
- **Uranium** mineralization occurs along a **140 km long trend**
 - Near-surface
 - Hosted by unconsolidated sands and gravels
 - Leachable
 - Potentially upgradeable at low cost
- **Excellent candidate to define a near-surface +15Mlb U₃O₈e resource, that could be the a low-cost, short-lead-time, domestic uranium supplier in Argentina, with expansion and export potential.**



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The Rio Negro Province is host to several facilities related to Argentina's nuclear industry. Furthermore, the Provincial government has recently launched in conjunction with the Federal government the construction proposal of the 5th Nuclear Plant in Argentina at its territory.

This is the concretion of the Strategic Plan 2015 – 2025 as published by the Argentina Atomic Energy National Commission (CNEA), which includes a strategic objective: to ensure the supply of domestic uranium to nuclear power plants in operation, under construction and planned.

This new uranium district was first identified, staked and underwent preliminary exploration by **Blue Sky** from 2007 to 2012, as part of the Grosso Group's strategy of adding alternative energy focus to its successful portfolio of metals exploration companies. The close proximity of several major targets suggest that of resources are delineated, a central processing facility would be envisioned. The area is flat-lying, semi-arid and accessible year round, with nearby rail, power and part access.

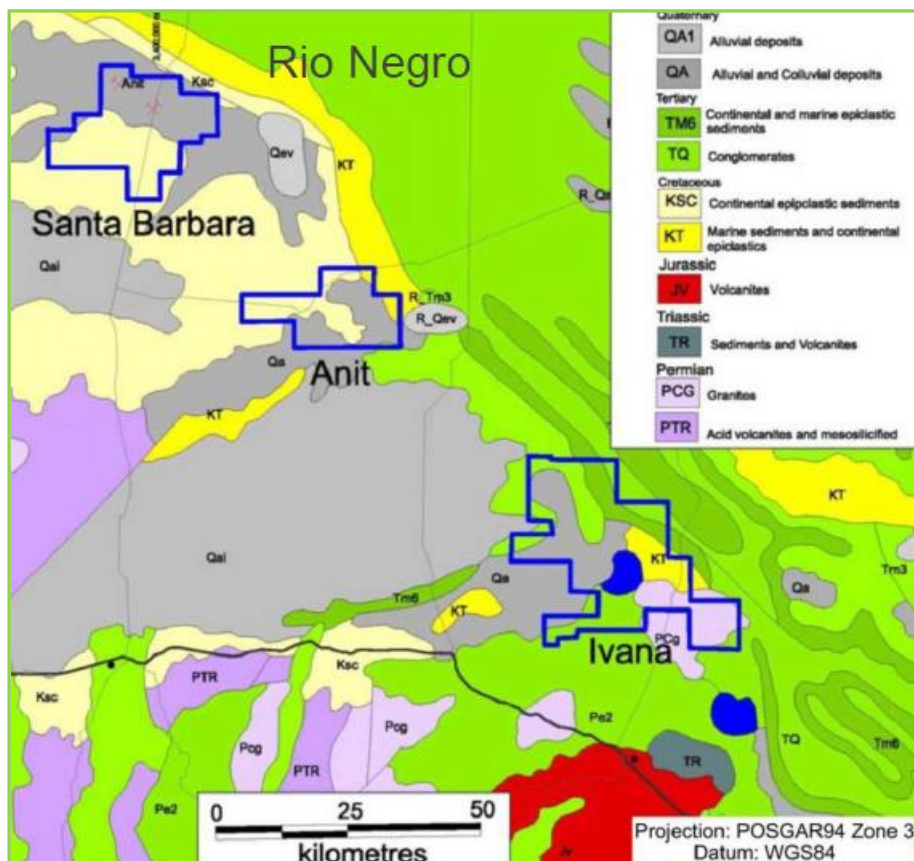


Mineralization identified to date represents a Surficial Uranium style of deposit, where carnotite mineralization coats loosely consolidated pebbles of sandstone and conglomerates. Carnotite is amenable to leaching and preliminary metallurgical work indicates that the mineralized material can be upgraded using a very simple wet screening method.

The near-surface mineralization ability to locally upgrade, amenability to leaching and central processing possibility suggest a potentially low-cost development scenario for a future deposit.

Blue Sky believes the mineralization that has been discovered through the work to date at **Amarillo Grande** can be classified as surficial-type uranium. Examples of such deposits includes Langer Heinrich in Namibia, which has Proven and Probable ore reserves and stock piles totalling 118.87 million pounds at an average grade of 520 ppm U₃O₈ and produces approximately 4 million pounds U₃O₈ per year, and Toro Energy's development-stage Wiluna Project, which has Measured and Indicated resources totalling 66.6 million pounds U₃O₈ within 10 metres of surface at an average grade of 525 ppm U₃O₈.

Area has geologic similarities to uranium deposits in Western Australia and Namibia



2017 developments

On June 19, 2017, **Blue Sky** reported complete results from the Phase 1 reverse circulation (RC) drilling program at the Ivana target, the first of 3 targets to be drilled in 2017 on the **Amarillo Grande Uranium-Vanadium Project**. Drill hole highlights include 910 pp, U₃O₈ over 6.0 metres in AGI-88 and 626 ppm U₃O₈ over 6.0 metres in AGI-05.

As the first drill program at the Ivana target, it successfully outlined a large area of elevated uranium, within 2 metres of surface, measuring approximately 2 kilometres square. Within this area multiple high-grade uranium-vanadium mineralised intervals were intercepted, predominantly in the west-central and east-central part of the drilled area.

Delineating the dimensions and average grades of these potential mineralised corridors will be a key priority of the next phase of drilling, as well as testing for potential extensions, particularly along the north-eastern flank of the area drill-tested in Phase 1

On August 22, 2017, **Blue Sky** reported that it has completed Phase 1 drilling at all 3 target areas at its **Amarillo Grande Uranium-Vanadium Project**, and also completed a follow-up reverse circulation (RC) drilling and electrical tomography (ET) geophysical program at the Ivana target to further define an area with elevated uranium-vanadium on the eastern flank of the previously-drilled area.

Drilling and geophysical surveying have resumed at the Ivana target in the first week of September. Additionally, the Company is advancing with a beneficiation and metallurgical test work program on uranium-vanadium mineralized material from Ivana.

With the technical team having expanded the drill program at Ivana since the completion of Phase 1 drilling, a total of 3,729 metres of RC drilling in 256 holes and 22,5 line kilometres of ET geophysical surveying have been completed to date throughout the project area.

Phase 1 (1,390 metres in 98 holes) RC drilling results from Ivana were previously reported by **Blue Sky** on June 29, 2017. The follow-up exploration program comprised 858 metres of RC drilling and 6.5 line kilometres of ET surveying.

The remainder of the results from Phase 1 drilling and follow-up at Ivana, are expected to be received and interpreted while September.

Other projects

➤ **Tierras Coloradas Project – Chubut Province**

Blue Sky has exclusive rights to the 40,000 hectare **Tierras Coloradas** group of properties east of the Sierra Colonia Property in the province of Chubut in a similar geologic environment.

Surficial mineralization was discovered by the Company in 2011, while prospecting and carrying out surface radiometric surveys in the area of the Property.

Blue Sky is currently evaluating strategic alternatives to advance the Tierras Coloradas Project.

➤ **Cerro Parva Project – Chubut Province**

Blue Sky has exclusive rights to the **Cerro Parva Project**, including over 67,800 hectares of properties in the Province of Chubut. The Project is situated southeast of the Sierra Colonia Project.

The Company is currently evaluating strategic alternatives to advance the Cerro Parva Project.



Management

Nikolaos Cacos, MIM, President & CEO, Director, is one of the founders of Blue Sky Uranium with over 25bb years of management expertise in the mineral exploration industry. Mr. Cacos has extensive experience in providing strategic planning to and administration of public companies.

Darran Urquhart, CA, CFO, Corporate Secretary, Director, is a Chartered Accountant with more than 10 years of experience working in both public practice and industry.

Joseph Grosso, Management Advisor, President & Founder of Grosso Group Management. Pioneer in the exploration and mining sector in Argentina since 1993.

Dr. David Terry, Ph.D, P.Geo, Technical Advisor, Director, is a professional economic geologist, senior executive and director with more than 25 years of experience in the mineral resources sector.

Finance

During the 6 months ended June 30, 2017, approximately 36.92 million warrants were exercised at a price of C\$ 0.10 per share for gross proceeds of C\$ 3.6 million.

Since June 30, 2017, C\$ 2.49 million in proceeds for warrant exercises were received which provides funding for the Phase 2 exploration program to develop an NI 43-101 compliant Inferred resource.

Finance balance as at June 30, 2017	
	in C\$ million
Current assets	0.89
<i>of which cash</i>	<i>0.85</i>
Non-current assets	0.06
Total assets	0.95
Total liabilities	0.29
Total equity	0.66

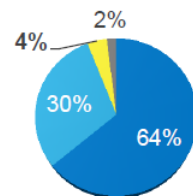
Net cash flow 6 months ended June 30, 2017	
	in C\$ million
<i>of which:</i>	
Operating activities	-1.89
Investing activities	-0.03
Finance activities	1.29
Total	-0.63



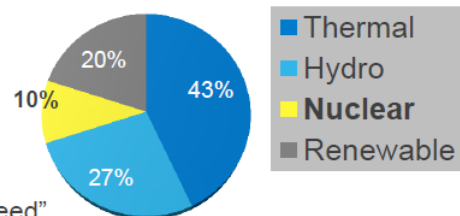
Argentina Energy Industry Today & Uranium Future Opportunities

- Argentina is home to an advanced nuclear industry
 - 3 nuclear power plants in operation, 6 research reactors, 4 particle accelerators, 3 atomic centres, 1 heavy water plant and 1 uranium purification plant
- The Argentina energy industry is currently highly dependent on fossil fuel and hydroelectric power.
- The government of Argentina has committed to “The Paris Accord” with a minimum target of reducing CO₂ emissions by 15% by 2030.
 - = A nuclear energy requirement that more than doubles by 2025 (~1.25 Million pounds of U₃O_{8e} annually)
- This has resulted in:
 - 1 nuclear power plant now under construction
 - 2 additional in planning & 2 under proposal
- There is no domestic uranium production – all material is imported.
 - Argentina’s desire for security of supply could provide a “guaranteed” first customer for a domestic supplier
 - A low-cost domestic operation could potentially have a cost advantage over imported uranium

Argentina Energy Matrix 2015



Proposed Argentina Energy Matrix 2025



Sources: <http://www4.unfccc.int/submissions/indc/Submission%20Pages/submissions.aspx> accessed 03/11/16
https://www.iamerica.org/documents/energy/reports/Argentinas_Energy_Transition_2016.pdf accessed 03/11/16

Investment recommendation:

Blue Sky is a leader in uranium discovery in Argentina. Its objective is to delineate uranium resources in anticipation of a return to an expected positive uranium market.

The Company's flagship **Amarillo Grande Uranium-Vanadium Project** in the Rio Negro Province was an inhouse discovery of a new district that has the potential to be among the first domestic suppliers of uranium to the growing Argentine market, as the largest generator of electricity from nuclear energy in South America.

The positive outlook for the Argentine nuclear industry-mandate will more than double nuclear power usage by 2025.

Blue Sky, has an outstanding position to Argentina being home to an advanced nuclear industry, with one nuclear power plant under construction, 2 additional in planning and 2 under proposal, and the country not having any domestic uranium production yet.

Phase 1 drilling at the prospective **Ivana target**, comprised a total of 3,729 metres of RC drilling. Highlights include 910 ppm U₃O₈ over 6.0 metres and 626 ppm over 6.0 metres.

The remainder of the results from Phase 1 drilling and follow-up at Ivana are expected to be received and interpreted in the course of September.

Expecting continuing positive results from the Phase 2 drilling program, to be funded from the C\$ 2.49 million proceeds from the exercise of warrants, in my view, at a depressed market valuation of C\$ 8.96 million, **Blue Sky** offers an attractive investment leverage potential.

My 12 months price target is C\$ 0.30.