Blue Sky Uranium Corp.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2016 AND 2015

(Unaudited - Expressed in Canadian Dollars)

NOTICE OF NO AUDITOR REVIEW OF
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

In accordance with National Instrument 51-102 Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of these condensed consolidated interim financial statements they must be accompanied by a notice indicating that these condensed consolidated interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management. The Company's external auditors have not performed a review of these condensed consolidated interim financial statements.

Blue Sky Uranium Corp.
Consolidated Statements of Financial Position
(Unaudited - Expressed in Canadian Dollars)

	Note	March 31, 2016 $	December 31, 2015 $
ASSETS			
Current assets			
Cash		77,104	5,141
Accounts receivable		13,208	11,529
Prepaid expenses		2,347	3,771
Total current assets		92,659	20,441
Non-current assets			
Mineral property interests	3	32,702	32,702
Total non-current assets		32,702	32,702
Total Assets		125,361	53,143
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	6	452,794	411,771
Exploration liabilities		44,855	44,855
Interest payable	4, 6	47,094	38,513
Loans payable	4, 6	357,500	261,500
Total Liabilities		902,243	762,639
(DEFICIT) EQUITY			
Share capital	5	19,137,576	19,137,576
Reserves	5	4,076,680	4,076,680
Deficit		(23,991,138)	(23,923,752)
Total (Deficit) Equity		(776,882)	(709,496)
Total (Deficit) Equity and Liabilities		125,631	53,143

NATURE OF OPERATIONS AND GOING CONCERN (Note 1)

COMMITMENT (Note 9)

SUBSEQUENT EVENTS (Note 11)

These condensed consolidated interim financial statements are authorized for issue by the Board of Directors on May 25, 2016. They are signed on the Company's behalf by:

"Nikolaos Cacos" , Director

"David Terry" , Director

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

Blue Sky Uranium Corp.
Consolidated Statements of Loss and Comprehensive Loss
(Unaudited - Expressed in Canadian Dollars)

		Three months ended March 31,	
		2016	2015
	Note	$	$
Expenses			
Corporate development and investor relations		519	3,860
Exploration	3	5,709	21,389
Foreign exchange gain		(5,052)	(693)
Office and sundry	6	1,250	1,790
Professional fees	6	14,978	21,034
Salaries and employee benefits	6	15,000	15,000
Transfer agent and regulatory fees		7,212	8,619
Loss from operating activities		39,616	70,999
Finance expenses	4, 6	19,200	6,000
Interest expense	4, 6	8,581	6,658
Interest income		(11)	(25)
Loss and comprehensive loss for the period		67,386	83,632
Basic and diluted loss per common share	7	0.02	0.02

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

Blue Sky Uranium Corp.
Consolidated Statements of Cash Flows
(Unaudited - Expressed in Canadian Dollars)

	Three months ended March 31,	
	2016 $	2016 $
Cash flows used in operating activities		
Loss for the period	(67,386)	(83,632)
Finance expenses	19,200	6,000
Interest expense	8,581	6,658
	(39,605)	(70,974)
Change in non-cash working capital items:		
(Increase) in amounts receivable	(1,679)	(2,037)
Decrease in prepaid expenses	1,424	3,655
Increase in accounts payable and accrued liabilities	15,823	36,193
Net cash used in operating activities	(24,037)	(33,163)
Cash flows from financing activities		
Loans received	96,000	30,000
Net cash from financing activities	96,000	30,000
Net increase (decrease) in cash	71,963	(3,163)
Cash at beginning of period	5,141	53,751
Cash at end of period	77,104	50,588

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

Blue Sky Uranium Corp.
Consolidated Statements of Changes in (Deficit) Equity
(Unaudited - Expressed in Canadian Dollars)

	Share capital		Reserves				
	Number of Shares	Amount $	Contributed Surplus $	Equity Settled Share-based Payments $	Warrants $	Accumulated Deficit $	Total $
Balance at December 31, 2014	3,436,699	19,137,576	3,499,623	379,481	197,576	(23,671,530)	(457,274)
Stock options expired	-	-	53,507	(53,507)	-	-	-
Total comprehensive loss for the period	-	-	-	-	-	(83,632)	(83,632)
Balance at March 31, 2015	3,436,699	19,137,576	3,553,130	325,974	197,576	(23,755,162)	(540,906)
Stock options expired	-	-	122,696	(122,696)	-	-	-
Warrants expired	-	-	39,547	-	(39,547)	-	-
Total comprehensive loss for the period	-	-	-	-	-	(168,590)	(168,590)
Balance at December 31, 2015	3,436,699	19,137,576	3,715,373	203,278	158,029	(23,923,752)	(709,496)
Stock options expired	-	-	12,118	(12,118)	-	-	-
Warrants expired	-	-	100,600	-	(100,600)	-	-
Agent Warrants expired	-	-	11,251	-	(11,251)	-	-
Total comprehensive loss for the period	-	-	-	-	-	(67,386)	(67,386)
Balance at March 31, 2016	3,436,699	19,137,576	3,839,342	191,160	46,178	(23,991,138)	(776,882)

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

1. NATURE OF OPERATIONS AND GOING CONCERN

The Company was incorporated under the Business Corporation Act of British Columbia on November 30, 2005 as Mulligan Capital Corp. On May 18, 2006, the Company received final receipts for a prospectus and became a reporting issuer in British Columbia and Alberta. On June 27, 2006 the Company completed its initial public offering (the "Offering") and on June 28, 2006 the Company listed its common shares on the TSX Venture Exchange (the "TSX-V") as a capital pool company. On February 7, 2007, the Company completed its qualifying transaction (the "QT") and was upgraded to Tier II status on the TSX-V. The Company also changed its name to Blue Sky Uranium Corp. to reflect its business as a junior uranium exploration company. The address of the Company's registered office is Suite 411 – 837 West Hastings Street, Vancouver, BC, Canada V6C 3N6.

The Company is a natural resource company engaged in the acquisition and exploration of resource properties in Argentina. The Company's mineral property interests presently have no proven or probable reserves and, on the basis of information to date, it has not yet determined whether these properties contain economically recoverable resources. Consequently, the Company considers itself to be an exploration stage company.

The amounts shown as mineral property interests represent acquisition costs incurred to date, less amounts amortized and/or written off, and do not necessarily represent present or future values. The underlying value of the mineral property interests is entirely dependent on the existence of economically recoverable reserves, securing and maintaining title and beneficial interest in the properties, the ability of the Company to obtain the necessary financing to advance the properties beyond the exploration stage, and future profitability of the properties.

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to consolidated financial statements and to a going concern, which assume that the Company will realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

The Company has experienced recurring operating losses and has an accumulated deficit of $23,991,138 and deficit of $776,882 at March 31, 2016. In addition, the Company had a working capital deficiency of $809,584 at March 31, 2016. Working capital is defined as current assets less current liabilities and provides a measure of the Company's ability to settle liabilities that are due within one year with assets that are also expected to be converted into cash within one year. These recurring losses and the Company's working capital deficiency create material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern. The Company's continued operations, as intended, are dependent upon its ability to raise additional funding to meet its obligations and commitments and to attain profitable operations. Management's plan in this regard is to raise equity financing as required. There are no assurances that the Company will be successful in achieving these goals. These consolidated financial statements do not include adjustments to the amounts and classifications of assets and liabilities and reported expenses that might be necessary should the Company be unable to continue as a going concern, which could be material.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

These interim condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as applicable to interim financial reports including International Accounting Standard 34 'Interim Financial Reporting'.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

These interim condensed consolidated financial statements do not include all the information and note disclosures required by IFRS for annual financial statements and should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2015, which have been prepared in accordance with IFRS, as issued by the International Accounting Standards Board ("IASB") and included in Part 1 of the Handbook of the Chartered Professional Accountants of Canada.

The policies applied in these interim condensed financial statements are the same as those applied in the most recent annual consolidated financial statements and were consistently applied to all the periods presented unless otherwise noted.

These interim condensed consolidated financial statements were approved by the Board of Directors of the Company on May 25, 2016.

Basis of preparation

These condensed consolidated interim financial statements have been prepared on a historical cost basis except for financial instruments classified as available-for-sale that have been measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

Basis of consolidation

These condensed consolidated interim financial statements include the accounts of the Company and its wholly-owned subsidiaries as follows:

	Place of Incorporation	Principal Activity
Blue Sky BVI Uranium Corp.	British Virgin Islands	Holding company
Minera Cielo Azul S.A. (Argentina)	Argentina	Exploration company
Desarrollo de Inversiones S.A. (Argentina)	Argentina	Exploration company
Viento de Oro S.A. de C.V. (Mexico)	Mexico	Exploration company

Inter-company balances and transactions, including unrealized income and expenses arising from inter-company transactions, are eliminated in preparing the consolidated financial statements.

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

Significant Accounting Estimates and Judgments

The preparation of these financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates.

These financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Significant assumptions about the future and other sources of estimation uncertainty that management has made at the financial position reporting date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

Critical accounting estimates

i. The net carrying value of each mineral property is reviewed regularly for conditions that suggest impairment. This review requires significant judgment. Factors considered in the assessment of asset impairment include, but are not limited to, whether there has been a significant adverse change in the legal, regulatory, accessibility, title, environmental or political factors that could affect the property's value; whether there has been an accumulation of costs significantly in excess of the amounts originally expected for the property's acquisition, development or cost of holding; and whether exploration activities produced results that are not promising such that no more work is being planned in the foreseeable future. If impairment is determined to exist, a formal estimate of the recoverable amount is performed and an impairment loss is recognized to the extent that the carrying amount exceeds the recoverable amount.

Critical accounting judgments

i. Presentation of the condensed consolidated interim financial statements which assumes that the Company will continue in operation for the foreseeable future, obtain additional financing as required, and will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due.

ii. The determination of categories of financial assets and financial liabilities has been identified as an accounting policy which involves judgments or assessments made by management.

iii. The analysis of the functional currency for each entity of the Company. In concluding that the Canadian dollar is the functional currency of the parent and its subsidiary companies, management considered the currency that mainly influences the cost of providing goods and services in each jurisdiction in which the Company operates. As no single currency was clearly dominant the Company also considered secondary indicators including the currency in which funds from financing activities are denominated and the currency in which funds are retained.

New Accounting Standards and Interpretations

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

(Expressed in Canadian Dollars Unless Otherwise Noted)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

IFRS 9 – Financial Instruments

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

IFRS 15 – Revenue from Contracts with Customers

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

IFRS 16 – Leases

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

3. MINERAL PROPERTY INTERESTS

The schedules below summarize the acquisition costs and all exploration expenditures incurred to date for each mineral property interest that the Company is continuing to explore as at March 31, 2016:

Acquisition Costs

	Argentina	
	Sierra Colonia $	**Total $**
Balance – December 31, 2015	32,702	32,702
Balance – March 31, 2016	32,702	32,702

(Expressed in Canadian Dollars Unless Otherwise Noted)

3. MINERAL PROPERTY INTERESTS (continued)

Exploration Expenditures

	Argentina
	Sierra Colonia $
Cumulative exploration costs – December 31, 2015	900,879
Expenditures during the period:	
Office	1,059
Salaries and contractors	3,363
Statutory taxes	1,287
	5,709
Cumulative exploration costs – March 31, 2016	906,588

Sierra Colonia Property

The Company owns a 100% interest in the 399 km^2 Sierra Colonia property in the central part of the province of Chubut, Argentina.

The schedules below summarize the acquisition costs and all exploration expenditures incurred to date for each mineral property interest that the Company held title to and was continuing to explore as at March 31, 2015:

Acquisition Costs

	Argentina	
	Sierra Colonia $	**Total** $
Balance – December 31, 2014	32,702	32,702
Balance – March 31, 2015	32,702	32,702

Exploration Expenditures

	Argentina		
	Ivana $	**Sierra Colonia** $	**Total** $
Cumulative exploration costs – December 31, 2014	3,287,034	850,571	4,137,605
Expenditures during the period:			
Office	187	2,273	2,460
Property maintenance payments	6,283	-	6,283
Salaries and contractors	571	7,895	8,466
Statutory taxes	1,710	2,470	4,180
	8,751	12,638	21,389
Cumulative exploration costs – March 31, 2015	3,295,785	863,209	4,158,994

(Expressed in Canadian Dollars Unless Otherwise Noted)

4. LOANS PAYABLE

At March 31, 2016, the Company has the following loans payable:

	March 31, 2016		
	Maturity	Currency	Amount
Unsecured, 12% annual interest rate	On demand	Canadian dollar	$140,000
Unsecured, 12% annual interest rate	On demand	Canadian dollar	$38,000
Unsecured, 12% annual interest rate	On demand	Canadian dollar	$40,000
Unsecured, 12% annual interest rate	On demand	Canadian dollar	$30,000
Unsecured, 12% annual interest rate	On demand	Canadian dollar	$13,500
Unsecured, 12% annual interest rate	On demand	Canadian dollar	$96,000
			$357,500

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

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

$140,000 Unsecured, 12% annual interest rate

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

$38,000 Unsecured, 12% annual interest rate

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

4. LOANS PAYABLE (continued)

$40,000 Unsecured, 12% annual interest rate

On December 18, 2014, the Company entered into a loan agreement with a non-arm's length lender. The principal amount of the loan is used for working capital purposes and bears interest at the rate of 12% per annum. The principal balances of the loan, together with all accrued and unpaid interest thereon are due and payable in full on demand. As additional consideration for providing the loan, the Company will pay to the lender an arrangement fee in an amount equal to 20% of the principal amount of the loan totalling $8,000. Such amount is payable at the election of the lender in cash or common shares, or a combination of both. Payment of all or any part of the arrangement fee in common shares is subject to TSX Venture Exchange approval. See Note 6 for further information.

$30,000 Unsecured, 12% annual interest rate

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

$13,500 Unsecured, 12% annual interest rate

On September 21, 2015, the Company entered into a loan agreement with a non-arm's length lender. The principal amount of the loan is used for working capital purposes and bears interest at the rate of 12% per annum. The principal balance of the loan, together with all accrued and unpaid interest thereon shall become due and payable in full on demand. As additional consideration for providing the loan, the Company will pay to the lender an arrangement fee in an amount equal to 20% of the principal amount of the loan totalling $2,700. Such amount is payable at the election of the lender in cash or common shares, or a combination of both. Payment of all or any part of the arrangement fee in common shares is subject to TSX Venture Exchange approval. See Note 6 for further information.

$96,000 Unsecured, 12% annual interest rate

On March 7, 2016, the Company entered into a loan agreement with a non-arm's length lender. The principal amount of the loan is used for working capital purposes and bears interest at the rate of 12% per annum. The principal balance of the loan, together with all accrued and unpaid interest thereon shall become due and payable in full on demand. As additional consideration for providing the loan, the Company will pay to the lender an arrangement fee in an amount equal to 20% of the principal amount of the loan totalling $19,200. Such amount is payable at the election of the lender in cash or common shares, or a combination of both. Payment of all or any part of the arrangement fee in common shares is subject to TSX Venture Exchange approval. See Note 6 for further information.

All loans payable may be repaid in whole or in part at any time, without notice or penalty.

(Expressed in Canadian Dollars Unless Otherwise Noted)

5. SHARE CAPITAL AND RESERVES

Authorized Share Capital

The Company's authorized share capital comprises an unlimited number of common shares. The common shares do not have a par value. All issued shares are fully paid.

Share Purchase Option Compensation Plan

The Company has a share purchase option plan (the "Plan") approved by the Company's shareholders that allows it to grant share purchase options, subject to regulatory terms and approval, to its officers, directors, employees and service providers. The Plan is based on the maximum number of eligible shares equaling a rolling percentage of 10% of the Company's outstanding common shares, calculated from time to time. If outstanding share purchase options are exercised or expire, and/or the number of issued and outstanding common shares of the Company increases, then the share purchase options available to grant under the Plan increase proportionately.

The exercise price of each share purchase option is set by the Board of Directors at the time of grant but cannot be less than the market price less allowable discounts in accordance with the policies of the TSX Venture Exchange. Share purchase options granted vest immediately, are subject to a four-month hold period and are generally exercisable for a period of five years.

The continuity of share purchase options for the three months ended March 31, 2016 is as follows:

Expiry date	Exercise Price	December 31, 2015	Granted	Exercised	Expired/ Forfeited	March 31, 2016	Options Exercisable
January 23, 2016	$1.00	30,000	-	-	(30,000)	-	-
March 2, 2016	$10.81	6,413	-	-	(6,413)	-	-
May 31, 2016	$22.00	6,000	-	-	-	6,000	6,000
September 25, 2016	$10.00	2,000	-	-	-	2,000	2,000
September 24, 2017	$1.20	93,500	-	-	-	93,500	93,500
		137,913	-	-	(36,413)	101,500	101,500
Weighted average exercise price ($)		2.64	-	-	2.73	2.60	2.60
Weighted average contractual remaining life (years)		1.2	-	-	-	1.39	1.39

(Expressed in Canadian Dollars Unless Otherwise Noted)

5. SHARE CAPITAL AND RESERVES (continued)

The continuity of share purchase options for the three months ended March 31, 2015 is as follows:

Expiry date	Exercise Price	December 31, 2014	Granted	Exercised	Expired/ Forfeited	March 31, 2015	Options Exercisable
March 4, 2015	$5.15	3,886	-	-	(3,886)	-	-
March 15, 2015	$73.00	1,000	-	-	(1,000)	-	-
October 5, 2015	$26.00	7,250	-	-	-	7,250	7,250
December 10, 2015	$11.58	2,526	-	-	-	2,526	2,526
January 23, 2016	$1.00	30,000	-	-	-	30,000	30,000
March 2, 2016	$10.81	6,413	-	-	-	6,413	6,413
May 31, 2016	$22.00	6,000	-	-	-	6,000	6,000
September 25, 2016	$10.00	2,000	-	-	-	2,000	2,000
September 24, 2017	$1.20	93,500	-	-	-	93,500	93,500
		152,575	-	-	(4,886)	147,689	147,689
Weighted average exercise price ($)		4.42	-	-	19.04	3.94	3.94
Weighted average contractual remaining life (years)		2.1	-	-	-	1.9	1.9

Warrants

The continuity of warrants for the three months ended March 31, 2016 is as follows:

Expiry date	Exercise Price	December 31, 2015	Granted	Exercised	Expired	March 31, 2016
January 28, 2016	$1.00	211,788	-	-	(211,788)	-
March 3, 2016	$1.00	353,480	-	-	(353,480)	-
April 13, 2016	$1.00	151,100	-	-	-	151,100
April 24, 2016	$1.00	64,800	-	-	-	64,800
		781,168	-	-	(565,268)	215,900
Weighted average exercise price ($)		1.00	-	-	1.00	1.00

The continuity of warrants for the three months ended March 31, 2015 is as follows:

Expiry date	Exercise Price	December 31, 2014	Granted	Exercised	Expired	March 31, 2015
December 19, 2015	$1.00	230,000	-	-	-	230,000
January 28, 2016	$1.00	211,788	-	-	-	211,788
March 3, 2016	$1.00	353,480	-	-	-	353,480
April 13, 2016	$1.00	151,100	-	-	-	151,100
April 24, 2016	$1.00	64,800	-	-	-	64,800
		1,011,168	-	-	-	1,011,168
Weighted average exercise price ($)		1.00	-	-	-	1.00

6. RELATED PARTY BALANCES AND TRANSACTIONS

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

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

Grosso Group Management Ltd.

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

Mr. Joseph Grosso

Oxbow International Marketing Corp. ("Oxbow") is a private company controlled by Mr. Joseph Grosso. For the three months ended March 31, 2016, Oxbow was paid $12,500 (three months ended March 31, 2015 - $12,500) for management consulting services. Amounts paid to Oxbow are classified as professional fees in the consolidated statements of loss and comprehensive loss.

At March 31, 2016, the Company had $103,820 (December 31, 2015 - $90,708) included in accounts payable and accrued liabilities to Oxbow.

At March 31, 2016, the Company has $179,500 (December 31, 2015 - $83,500) included in loans payable, $11,594 (December 31, 2015 - $8,339) in interest payable and $35,900 (December 31, 2014 - $16,700) in finance expenses included in accounts payable and accrued liabilities to Mr. Joseph Grosso.

Mr. Nikolaos Cacos

Cacos Consulting Ltd. ("Cacos Consulting") is a private company controlled by Mr. Nikolaos Cacos, a director and officer of the Company. For the three months ended March 31 2016, Cacos Consulting was paid $15,000 (three months ended March 31, 2015 - $15,000) for CEO services. Amounts paid to Cacos Consulting are classified as salaries in the consolidated statements of loss and comprehensive loss.

At March 31, 2016, the Company had $131,250 (December 31, 2015 - $115,500) included in accounts payable and accrued liabilities to Cacos Consulting.

Other

At March 31, 2016, the Company had severance of $27,500 (December 31, 2015 - $27,500) included in accounts payable and accrued liabilities to Mr. Sean Hurd, former director and CEO of the Company, to be paid in cash or common shares of the Company.

(Expressed in Canadian Dollars Unless Otherwise Noted)

7. BASIC AND DILUTED LOSS PER SHARE

The calculation of basic and diluted loss per share for the three months ended March 31, 2016 and 2015 was based on the following:

	Three months ended March 31, 2016	2015
Loss attributable to common shareholders ($)	67,386	83,632
Weighted average number of common shares outstanding	3,436,699	3,436,699

Diluted loss per share did not include the effect of 101,500 (March 31, 2015 – 147,689) share purchase options and 215,900 (March 31, 2015 – 1,011,168) common share purchase warrants as they are anti-dilutive.

8. OPERATING SEGMENTS

The Company is primarily involved in mineral exploration activities in Argentina. The Company is in the exploration stage and, accordingly, has no reportable segment revenues or operating revenues for the three months ended March 31, 2016 and 2015.

The Company's total non-current assets are segmented geographically as follows:

	March 31, 2016	
	Argentina $	Total $
Mineral property interests	32,702	32,702
	32,702	32,702

	December 31, 2015	
	Argentina $	Total $
Mineral property interests	32,702	32,702
	32,702	32,702

9. COMMITMENT

Management Service Agreement

On April 1, 2010, the Company entered into a Management Services Agreement ("Agreement") with Grosso Group Management Ltd. (Grosso Group) to provide services and facilities to the Company. Grosso Group provides its member companies with administrative and management services. The member companies pay monthly fees to Grosso Group on a cost recovery basis. The fee is based upon a pro-rating of Grosso Group's costs including its staff and overhead costs among the member companies. The fee is reviewed and adjusted quarterly based on the level of services required. The Agreement expired on December 31, 2014 and was automatically renewed for a period of two years pursuant to the terms of the Agreement. The Agreement contains termination and early termination fees in the event the services are terminated by the Company. The termination fee includes three months of compensation and any contractual obligations that Grosso Group undertook for the Company, up to a maximum of $750,000. The early termination fees are the aggregate of the termination fee in addition to the lesser of the monthly fees calculated to the end of the term and the monthly fees calculated for eighteen months, up to a maximum of $1,000,000.

10. FINANCIAL INSTRUMENTS AND CAPITAL MANAGEMENT

The Company thoroughly examines the various financial instrument risks to which it is exposed and assesses the impact and likelihood of those risks. These risks may include credit risk, liquidity risk, currency risk, and interest rate risk. Where material, these risks are reviewed and monitored by the Board of Directors.

(a) Fair Values

The Company's financial instruments recorded at fair value require disclosure about how the fair value was determined based on significant levels of inputs described in the following hierarchy:

Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and value to provide pricing information on an ongoing basis.

Level 2 - Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the market place.

Level 3 - Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

The Company's financial instruments consist of cash, amounts receivable, exploration liabilities, accounts payable and accrued liabilities, interest payable and loans payable. The recorded amounts for cash, amounts receivable, exploration liabilities, loans payable, interest payable and accounts payable and accrued liabilities approximate their fair value due to their short-term nature.

(b) Financial Instrument Risk Exposure

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Financial instruments that potentially subject the Company to credit risk consist of cash and amounts receivable. The Company has reduced its credit risk by depositing its cash and short-term investments with financial institutions that operate globally. The majority of the Company's receivables are with the government of Canada in the form of sales tax, the credit risk is minimal. Therefore, the Company is not exposed to significant credit risk and overall the Company's credit risk has not changed significantly from the prior year.

Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The Company has in place a planning and budgeting process to help determine the funds required to ensure the Company has the appropriate liquidity to meet its operating and growth objectives. The Company has historically relied on issuance of shares and warrants to fund exploration programs and may require doing so again in the future. See Note 1 for further information.

10. FINANCIAL INSTRUMENTS AND CAPITAL MANAGEMENT (continued)

Market risk

(i) Currency risk

Financial instruments that impact the Company's net earnings or other comprehensive income due to currency fluctuations include: cash, amounts receivable and accounts payable all denominated in United States dollars and Argentinean pesos. The sensitivity of the Company's net earnings and other comprehensive income to changes in the exchange rate between the Canadian dollar and the United States dollar, and between the Canadian dollar and the Argentinean peso as of March 31, 2016 is summarized as follows:

- A 10% change in the US dollar exchange rate relative to the Canadian dollar would change the Company's net loss by $85.

- A 10% change in the Argentinean peso exchange rate relative to the Canadian dollar would change the Company's net loss by $7,273.

(ii) ***Interest rate risk***

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The fair value of cash approximates its carrying value due to the immediate or short-term maturity of this financial instrument. Other current financial assets and liabilities are not exposed to interest rate risk because they are non-interest bearing or have prescribed interest rates.

(c) Capital Management

The Company's objectives of capital management are intended to safeguard the entity's ability to support the Company's normal operating requirements on an ongoing basis, continue the development and exploration of its mineral properties and support any expansionary plans.

The capital structure of the Company consists of equity attributable to common shareholders, comprised of issued capital, reserves and deficit. The Company manages the capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of the Company's assets.

To effectively manage the entity's capital requirements, the Company has in place a planning and budgeting process to help determine the funds required to ensure the Company has the appropriate liquidity to meet its operating and growth objectives. The Company has historically relied on issuance of shares to develop its mineral projects and may require doing so again in the future. The Company is monitoring market conditions to secure funding at the lowest cost of capital. The Company is exposed to various funding and market risks which could curtail its access to funds.

11. SUBSEQUENT EVENTS

Warrants Expired

- 151,100 warrants with an exercise price of $1.00 expired on April 13, 2016.
- 64,800 warrants with an exercise price of $1.00 expired on April 24, 2016.