

BLUE SKY URANIUM CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

Background

This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the consolidated financial statements of Blue Sky Uranium Corp. ("Blue Sky" or "the Company") for the years ended December 31, 2017 and 2016 and related notes thereto which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All figures are in Canadian dollars unless otherwise noted. This MD&A has been prepared as of April 17, 2018.

Company Overview

The Company was incorporated under the Business Corporations Act (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 312 – 837 West Hastings Street, Vancouver, BC, Canada V6C 3N6.

The Company is a junior mineral exploration company engaged in the business of acquiring, exploring and evaluating natural resource properties and either joint venturing or developing these properties further or disposing of them when the evaluation is completed. The Company's material mineral properties of interest are all located in Argentina. Blue Sky is one of the Argentina's leading uranium exploration companies with more than 4,000 km² of tenements. Argentina has an advanced nuclear industry, centred in the Rio Negro Province. As of the date of this report, the Company has not earned any production revenue, nor defined any mineral resources or reserves on any of its properties.

David Terry, PhD., P.Geo. is a member of the Board and is a Qualified Person as defined by NI 43-101 and has reviewed and approved the exploration information and technical disclosure contained in this MD&A. The Company has Quality Assurance/Quality Control protocols in place for all sampling programs as part of all auguring, geochemical sampling, sample preparation, sample shipping and sample analysis and compilation procedures.

Outlook

Blue Sky is one of Argentina's leading uranium exploration companies with more than 4,000 km² of tenements. Argentina is the largest generator of electricity from nuclear energy in South America, with its advanced nuclear industry centred in Rio Negro Province. The country is working to further expand its nuclear energy sector with additional power plants, but lacks a ready internal supply of uranium. Blue Sky's goal is to acquire, explore and advance towards production a portfolio of projects with an emphasis on near-surface uranium deposits that have the potential for near-term low-cost production to service the Argentine domestic nuclear industry.

PRINCIPAL PROPERTIES

In 2008, the Company gained control of a land package of more than 5,000 km² of prospective uranium properties in Rio Negro and Chubut provinces of Argentina (see news release filed on SEDAR April 17, 2008). Currently, the Company has exclusive rights to over 400,000 hectares (or more than 4,000 km²) of properties in the two provinces. The exploration focus is on surficial (calcrete-type), as well as sandstone-type (roll front) uranium targets. A brief description of the Company's material projects follows.

Amarillo Grande Project, Rio Negro Province

Location and Ownership: The Amarillo Grande Project is located in central Rio Negro province, in the Patagonia region of southern Argentina. Blue Sky has the exclusive rights to over 287,000 hectares of mineral tenures that form the project. The main parts of the project are all road accessible from major centres, such as Valcheta or Neuquen, via the gravel Provincial Road 66, approximately 65 kilometres south of the town of Villa Regina. Villa Regina has the fifth largest population in the province of Rio Negro with approximately 28,000 inhabitants. The area is flat-lying, semi-arid and accessible year round, with nearby rail, power and port access.

Exploration History Summary: In 2007, under the supervision of consultant Dr. Jorge Berizzo, Blue Sky selected Rio Negro as a high-potential location for discovery of new uranium deposits. In the same year, a 14,689 line-km airborne radiometric survey led to discovery of surficial zones of uranium mineralization at the Anit and Santa Barbara groups of properties. A second large-scale airborne radiometric survey in 2010 led to the acquisition of the Ivana group of properties. Detailed exploration work on the three property areas led to the delineation of a new uranium district along a 140-kilometre geologic trend. Significant zones of uranium mineralization have been identified along the trend, with the potential for expansion to depth and along strike. While the three properties were previously distinguished from each other in Company disclosure, their proximity, related geologic trend, and the likelihood of additional property acquisitions and zones of mineralization along the trend, has led the Company to group the entire package into a single project, the Amarillo Grande Project.

Geologic Potential: The Amarillo Grande Project has discovery potential for both Surficial and Sandstone-type uranium deposits. Most of the mineralization found on the properties to date has the characteristics of Surficial Uranium Deposits in which uranium occurs in sediments or soils of relatively young age (Tertiary to Recent) in association with secondary carbonate minerals that form lenses or blankets of calcrete. However, these types of secondary deposits are interpreted as being potentially sourced from earlier-formed Sandstone-type uranium deposits that are expected to be preserved at depth. Surficial calcrete deposits typically form in semi-arid to arid uranium rich districts adjacent to uranium source rocks (granites or ash flow sequences) or primary uranium deposits. The main uranium mineral in these deposits is typically carnotite, a yellowish hydrated potassium uranium vanadium oxide, $K_2(UO_2)_2(VO_4)_2 \cdot 3H_2O$.

2016 Exploration: On July 11th, 2016, the Company announced that it had engaged Mr. Guillermo Pensado as a Technical Consultant. Mr. Pensado is spearheading a new exploration campaign on the Amarillo Grande Project that is focused on delineating uranium resources at the Company's Rio Negro uranium discoveries that could support an integrated low-cost surficial mining operation.

The first exploration program initiated in 2016 was designed to delineate mineralization across the district in greater detail and to identify extensions and new targets, both near surface and at depth. The Company completed standardization of the project database, applied for updated work permits on all three properties, and had its technical consultants re-assess and refine the project's geologic model prior to the end of the year. Exploration permits were received and a surface geophysical program was initiated to refine targets for a 10,000 metre RC drilling program. The pole-dipole electrical tomography (ET) method was previously tested at the Anit area, and successfully identified paleo-channels that were previously known, and which host well documented surficial uranium mineralization.

2017 Exploration: A 15-line kilometre ET geophysical survey was completed using a 15 metre array, including four lines totaling 9.5 kilometres at the Ivana area, two lines totaling 3 kilometres at Anit and one line of 2.5 kilometres at Santa Barbara. Conductive anomalies interpreted as paleo-channels were identified on every line surveyed. Interpreted paleo-channels are wider and thicker than previously modeled for the project and reach over 3,500 metres width and 50 metres thickness, in some cases, remaining open in many cases.

Phase I Drill Program: In late January 2017, the Company announced the commencement of a Phase 1, 3,050 metre reverse circulation ("RC") drilling program at the Amarillo Grande project. The drilling program was designed to evaluate the potential for near-surface uranium deposits, as the first phase of an overall 10,000 metre program to prepare for potential resource estimation in 2017. Targets for the drilling program were chosen based on the geological model that was adjusted by the results of the previously completed geophysical program. (See News Release dated January 26, 2017 for details.)

Final Phase I results for the Ivana target were announced in a news release dated June 19th, 2017. The drilling at Ivana comprised 1,390 metres over 98 holes. The results successfully outlined a large area of elevated uranium, within twenty metres of surface, measuring approximately two kilometres square. Within this area multiple higher-grade uranium-vanadium mineralized intervals were intercepted, predominantly in the west-central and east-central part of the drilled area. Sixty-five percent of the holes completed at Ivana contained at least 30ppm U₃O₈ over a minimum of 1.0 metre, with uranium values ranging from below detection (<0.1ppm) up to 2,316 ppm U₃O₈ (or 0.23% U₃O₈), and vanadium values ranging from below detection (<1ppm) up to 1,892 ppm V₂O₅ (or 0.19% V₂O₅). The Ivana program was considered a success and a follow-up RC program of 858 metres was completed, along with an additional 6.5 kilometres of ET surveying. The follow-up program defined a strongly mineralized corridor extending more than 2 kilometres in a northeast direction, with widths between 200 and >400 metres, up to 20 metres thick, and open to expansion to the southeast and to the north. This largely continuously mineralized zone includes a higher-grade core zone over one kilometre in length, which includes drill intercepts of up to 3,136 ppm U₃O₈ over one metre (AGI-0100) (see News Release dated September 18, 2017).

Drilling at Anit included 1,170 metres in 83 holes. The program was designed to audit previous exploration results as well as test adjacent areas for extensions to mineralization. The program successfully confirmed the spatial correlation of the previously recognized mineralized zones. Out of 83 holes drilled, 53 returned intervals with at least one metre of more than 30 ppm U₃O₈ (see News Release dated September 18, 2017) This area is particularly well-mineralized in vanadium with 55 of the holes returning intervals of at least one metre of 500 ppm V₂O₅, with values reaching as high as 3,411 ppm (0.34% in AGA-049). Considering the current market interest in vanadium as a component of storage batteries for renewable energy, and the resulting significant price increase over the last year, the exploration team made a detailed review of the vanadium results at Anit. Integration of the Phase I results with data from previous sampling programs led to the delineation of a 3 kilometre x 1 kilometre area with thicknesses between 0 and 16 metres, using a 1,000 ppm V₂O₅ x 1 metre isocurve as a lower limit. This is a wider and thicker area than that of the uranium mineralized zone, and it is open to expansion (see News Release dated November 8, 2017). Additional exploration work to advance understanding of the mineralogy, metallurgical characteristics, grade and aerial extent of the vanadium mineralization at the Anit target will be incorporated into later exploration programs. This work will include ground geophysics, RC drilling and mineralogy/metallurgical studies.

At Santa Barbara fifteen holes were drilled ranging from 4 to 25 metres length, for a total of 312 metres. This was the first drill program at this target area and was considered a scouting program. Values of uranium and vanadium were low in all holes; this target area represents the lowest priority for follow-up work.

Phase II Drill Program: A Phase 2 program was launched in September 2017 which included 11.5 kilometres of ET surveying in 4 lines using a 15 metre array. Conductive anomalies were identified on all lines, and when integrated with previous work, helped to plan the Phase 23,000 metre drill program. Initial results from the program expanded the mineralized zone up to two kilometres to the south, with mineralization remaining open in that direction as well as to the north (see news release dated October 30, 2017). As the Phase II program progressed, the known mineralization at Ivana was expanded laterally, and thicker higher-grade mineralized intervals were intercepted in the core of the mineralized corridor. This led to the expansion of the drill program to approximately 4500 metres and the decision to initiate a resource estimate for the Ivana target. The remaining results from the Phase II program at Ivana were reported in News Releases dated January 15th, and February 1st, with a summary of all results included in the release dated March 5th, 2018.

On January 22nd 2018 the Company reported the results of the first preliminary metallurgical test work on samples from Ivana. The metallurgical studies were completed on a single composite created from four samples with carnotite (a uranium-vanadium oxide) which is the most common style of mineralization found at Amarillo Grande. The alkaline leach test results yielded recoveries of 95% of the uranium in 2 hours.

Resource Estimate: On March 5th, 2018, the first resource estimate for the Amarillo Grande Project was announced, focused specifically on the Ivana target area. The mineral resource estimate in Tables 1 below was prepared by Bruce M. Davis, FAusIMM, BD Resource Consulting, Inc., and Susan Lomas, P.Geo., Lions Gate Geological Consulting Inc. who are both independent Qualified Persons as set forth by National Instrument 43-101 (“NI 43-101”). The overall effective date of this resource estimate is February 28, 2018. A NI 43-101 Technical Report supporting disclosure of this mineral resource and containing additional details will be filed by Blue Sky on SEDAR within 45 days of the press release.

Mineral resources, which are not mineral reserves, do not have demonstrated economic viability. The estimate of mineral resources may be materially affected by environmental, permitting, legal, title, taxation, sociopolitical, marketing, or other relevant issues. The quantity and grade of reported Inferred resources are uncertain in nature and there has been insufficient exploration to classify these Inferred resources as Indicated or Measured, and it is uncertain if further exploration will result in upgrading them to an Indicated or Measured category.

Table 1. Mineral Resource Statement for the Ivana Deposit, Amarillo Grande Project, February 28, 2018

Inferred Resources – Base Case at 100 ppm Uranium cut-off grade						
Zone	Tonnes (t)	U (ppm)	V (ppm)	U ₃ O ₈ (ppm)	U ₃ O ₈ (%)	Contained U ₃ O ₈ (lb)
Upper	3,200,000	132	131	156	0.016	1,100,000
Lower	20,700,000	335	105	395	0.040	18,000,000
Total	23,900,000	308	109	363	0.036	19,100,000

Notes to Table 1:

1. Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability.
2. The Mineral Resources in this estimate were not constrained within a conceptual pit shell owing to the shallow nature of the deposit (0 to 24 m) and blocks above cut-off being reasonably contiguous.
3. The 100 ppm uranium cutoff grade is based on operative costs of \$12/t, a price of \$50/lb U₃O₈, and a process recovery of 90%. A density of 1.84 was applied.
4. It is reasonably expected that the majority of Inferred Mineral Resources could be upgraded to Indicated Mineral Resources with continued exploration.
5. The resource was estimated within distinct zones of elevated uranium concentration occurring within the host sediments. Vanadium is associated with uranium and is estimated within the same zones. There is no indication that Vanadium occurs outside of the elevated uranium zones in the Ivana deposit area in sufficient concentrations to justify developing estimation domains focused on Vanadium.

Results from ongoing metallurgical studies and preliminary beneficiation studies are expected by the end of the first quarter. This data will contribute to a Preliminary Economic Assessment (PEA) for the Ivana deposit, which is expected to be completed before the end of the year.

The arcuate (“C”) shape of the Ivana deposit is believed to represent a preserved sector of a regional mineralized redox-front, which often include more than one deposit. Therefore, follow-up drilling programs will test for lateral extensions to the currently defined deposit, as well as previously recognized local targets identified by airborne and hand-held radiometric surveys and geological modeling.

During the year ended December 31, 2017, the Company determined that indicators suggesting that the carrying value of the project is recoverable and reversed a previously recorded impairment of \$17,852 in acquisition costs related to the property. The Company previously impaired the Ivana project due to significant curtailment of activity. During the year ended December 31, 2017, the Company resumed exploration activity on the project, which removed the impairment indicators.

Sierra Colonia Project, Chubut Province

Location and Ownership: The Company has exclusive rights to the more than 27,900 hectare Sierra Colonia group of properties. The project is located in the central part of the Chubut province. It is situated 96 km east-northeast of the Cerro Solo uranium project where the National Commission of Atomic Energy (“CNEA”) identified a historical resource of 15 million pounds of contained U₃O₈ in the same geological environment (CNEA web site with information dated June 5, 2009. The resource statement is not compliant with National Instrument 43-101).

Geologic Potential: The Sierra Colonia project was selected following recommendations by Dr. Jorge Berizzo, Blue Sky’s geological consultant, and was based on the proximity to CNEA’s Mirasol uranium occurrence and similarities to the geological setting at Mirasol and Cerro Solo. Uranium mineralization is hosted in sandstones, conglomerates and tuffs of Lower to Upper Cretaceous age of the Chubut Group located in an erosional window eroded through late Tertiary El Cuy plateau basalts. Petrified wood is commonly associated with uranium mineralization. Uranium mineralization is mainly in the form of carnotite and represents a sandstone-hosted model. However, the presence of carnotite indicates probable re-mobilization and, as a result, surficial deposits could be expected to be discovered in the vicinity due to the arid climate condition in the area.

Exploration History Summary: Initial exploration involved a surface radiometric survey covering 130 square kilometres that delineated a 14 kilometre northwest trending corridor with radiometric anomalies in 2011. The follow-up exploration program was focused on this corridor and included sampling of hand pits, ranging in depth from surface to 2 metres and collection of grab samples from outcrops. Results ranged from below detection limit to 0.20% U₃O₈ and 1.32% V₂O₅ for pit samples and to 0.65% U₃O₈ and 1.55% V₂O₅ for grab samples. Anomalous molybdenum also occurs ranging from below detection limit to 671 ppm molybdenum.

Work completed under joint venture with AREVA focused on identifying drill targets in 12 areas contained within the 14 kilometre-long mineralized trend discovered by Blue Sky in 2011. Two lines of IP / Resistivity were completed (totaling seven kilometres) along with detailed geological and topographic surveys. The program was successful in tracing the favourable stratigraphic units and defining drill targets.

Current Exploration: During the year ended December 31, 2017, the Company determined that it would not be exploring the Sierra Colonia property further in 2018 and impaired \$32,702 in acquisition costs.

Tierras Coloradas Project, Chubut Province

The Company has exclusive rights to the 40,000 hectare Tierras Coloradas group of properties east of the Sierra Colonia property in the province of Chubut, Argentina. The project is situated east of the Sierra Colonia project, in a similar geologic environment.

Geologic Potential: Uranium mineralization has been found within a late Tertiary continental sequence named Punto Chico Formation. Uranium was observed related to logs and superficial calcrete. Therefore, two types of uranium deposit model are expected: sandstone and surficial types.

Exploration History Summary: Surficial mineralization was discovered by Blue Sky in 2011 while prospecting and carrying out surface radiometric surveys in the area of the property. The superficial radiometric anomalies are located within a similar geological environment as observed at the CNEA's Mirasol uranium occurrence which is located less than 100 kilometres to the east. Blue Sky completed a short exploration program in 2012 that included a ground radiometric survey, mapping and sampling. Ground radiometric anomalies ranged from background to 1,650 cps.

Current Exploration: The Company is currently evaluating strategic alternatives to advance the Tierras Coloradas Project.

Cerro Parva Project, Chubut Province

The Company has exclusive rights to the Cerro Parva project, including over 67,800 hectares of properties in the Province of Chubut, Argentina. The project is situated southeast of the Sierra Colonia project. BSK exploration efforts to date have included a prospecting program, ground radiometric surveying and mapping.

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

Selected Annual Financial Information

The following selected consolidated financial information is derived from the audited consolidated financial statements and notes thereto.

	Years Ended December 31,		
	2017 \$	2016 \$	2015 \$
Total revenue	Nil	Nil	Nil
Net loss and comprehensive loss for the year	(4,800,850) ⁽¹⁾	(1,329,004) ⁽²⁾	(252,222) ⁽³⁾
Loss per share – basic and diluted	(0.08)	(0.06)	(0.07)
Total assets	1,027,176 ⁽⁴⁾	1,721,119 ⁽⁵⁾	53,143

- (1) Variance from 2016 primarily driven by increase in exploration expense of \$2,795,339 and an increase in corporate development and investor relations expense of \$569,088.
- (2) Variance from 2015 primarily driven by increase in exploration expense of \$683,419 and an increase in corporate development and investor relations expense of \$121,856.
- (3) Variance from 2014 primarily driven by decrease in impairment of mineral property interests of \$2,733,916.
- (4) Variance from 2016 primarily driven by decrease in cash of \$735,921, partially offset by an increase in mineral property interests and prepaid expenses.
- (5) Variance from 2015 primarily driven by increase in cash of \$1,473,143 and an increase in prepaid expenses.

Results of Operations – For the year ended December 31, 2017 compared to the year ended December 31, 2016

Loss from operating activities

During the year ended December 31, 2017, loss from operating activities increased by \$3,509,689 to \$4,800,794 compared to \$1,291,105 for the year ended December 31, 2016. The increase in loss from operating activities is largely due to:

- An increase of \$2,795,339 in exploration expenditures. Exploration expenditures were \$3,541,897 for the year ended December 31, 2017 compared to \$746,558 for the year ended December 31, 2016. The Company completed Phase 1 and commenced Phase 2 reverse circulation drilling at the main exploration areas of the Amarillo Grande Uranium Project in Reo Negro Province Argentina and incurred expenditures relating to property maintenance payments, office and employment related costs during the year ended December 31, 2017 compared to lower expenditures related to the Company completing a 15 line-kilometer geophysical survey at three main exploration areas of the Amarillo Grande Uranium Project in exploration activity during the year ended December 31, 2016.
- An increase of \$569,088 in corporate development and investor relations. Corporate development and investor relations were \$697,178 for the year ended December 31, 2017 compared to \$128,090 for the year ended December 31, 2016. The increase is due to a greater number of activities relating to promotion of the Company's projects during the year ended December 31, 2017 compared to the year ended December 31, 2016.
- An increase of \$80,800 in management fees and salaries and employee benefits. Management fees and salaries and employee benefits were \$269,100 for the year ended December 31, 2017 compared to \$188,300 for the year ended December 31, 2016. The increase is due to an increase in corporate activity resulting in a greater amount charged for its usage relating to Grosso Group's costs during the year ended December 31, 2017 compared to the year ended December 31, 2016.

The loss and comprehensive loss for the year ended December 31, 2017 was \$4,800,850 or \$0.08 per basic and diluted share compared to a net loss and comprehensive loss of \$1,329,004 or \$0.06 per basic and diluted share for the year ended December 31, 2016.

Cash Flow

Operating Activities

Cash outflow from operating activities was \$4,373,047 for the year ended December 31, 2017 compared to \$1,622,835 for the year ended December 31, 2016. The increase in cash outflow results from higher exploration expenditures and corporate and administrative cash costs and changes in non-cash working capital balances due to timing of receipt and payment of cash compared to the prior period.

Investing Activities

Cash outflow from investing activities was \$36,391 for the for the year ended December 31, 2017 compared to \$7,150 for the year ended December 31, 2016, as a result of expenditures on mineral property interests during the year ended December 31, 2017 compared to expenditures on equipment during the year ended December 31, 2016.

Financing Activities

Cash inflow from financing activities was \$3,673,517 for the year ended December 31, 2017 compared to \$3,103,128 for the year ended December 31, 2016. Proceeds from warrant exercises were \$2,574,540 for the year ended December 31, 2017 compared to \$32,050 in warrant exercises for the year ended December 31, 2016. Proceeds from the issuance of common shares and warrants net of share issue costs were \$1,098,977 for the year ended December 31, 2017 compared to \$3,463,413 for the year ended December 31, 2016. Proceeds from the issuance of loans payable were \$Nil for the year ended December 31, 2017 compared to \$96,000 for the year ended December 31, 2016. Repayment of loans payable were \$Nil for the year ended December 31, 2017 compared to \$429,000 for the year ended December 31, 2016. Interest paid was \$Nil for the year ended December 31, 2017 compared to \$59,335 in repayment of interest during the year ended December 31, 2016.

Results of Operations – For the three months ended December 31, 2017 compared to the three months ended December 31, 2016

Loss from operating activities

During the three months ended December 31, 2017, loss from operating activities increased by \$862,658 to \$1,532,328 compared to \$669,670 for the three months ended December 31, 2016. The increase in loss from operating activities is largely due to:

- An increase of \$932,123 in exploration expenditures. Exploration expenditures were \$1,315,019 for the three months ended December 31, 2017 compared to \$382,896 for the three months ended December 31, 2016. The Company continued its Phase 2 drilling program, expanding the program to 4,500 metres from the initial 3,000 metres, as well as incurred assaying and salaries and contractor's expenses during the three months ended December 31, 2017 compared to lower exploration expenditures as a result of a significant curtailment in exploration activity during the three months ended December 31, 2016.
- An increase of \$50,672 in corporate development and investor relations. Corporate development and investor relations were \$135,947 for the three months ended December 31, 2017 compared to \$85,275 for the three months ended December 31, 2016. The increase is due to a greater number of activities relating to promotion of the Company's projects during the three months ended December 31, 2017 compared to a fewer number of activities relating to promotion of the Company's projects during the three months ended December 31, 2016.

The increase was partially offset by:

- An increase of \$22,929 in foreign exchange gain. Foreign exchange gain was \$40,329 for three months ended December 31, 2017 compared to a foreign exchange gain of \$17,400 for the three months ended December 31, 2016. The increase is due to the fluctuation in foreign exchange rates and differing amounts of foreign currencies held during the year ended December 31, 2017 compared to the year ended December 31, 2016.

- A decrease of \$49,090 in transfer agent and regulatory fees. Transfer agent and regulatory fees were \$2,096 for the three months ended December 31, 2017 compared to \$51,186 for the three months ended December 31, 2016. The decrease is due to less OTCQB Venture Market related costs during the three months ended December 31, 2017, compared to higher fees incurred in connection with more regulatory costs incurred in connection with the Company's undertaking of its stock listing on the OTCQB Venture Market during the three months ended December 31, 2016.
- A decrease of \$38,625 in share-based compensation. Share-based compensation was \$Nil for the three months ended December 31, 2017 compared to \$38,625 for three months ended December 31, 2016. The decrease is due to no grant or vesting of stock options during the three months ended December 31, 2017, compared to granting and partial vesting of 300,000 stock options during the three months ended December 31, 2016.

The loss and comprehensive loss for the three months ended December 31, 2017 was \$1,536,754 or \$0.02 per basic and diluted share compared to a net loss and comprehensive loss of \$667,870 or \$0.02 per basic and diluted share for the three months ended December 31, 2016.

Balance Sheet

At December 31, 2017, the Company had total assets of \$1,027,176 which is a decrease of \$693,943 from the \$1,721,119 in total assets at December 31, 2016. The change is primarily due to a decrease in cash of \$735,921 partially offset by an increase in prepaid expenses of \$15,050 and mineral property interests of \$21,541 during the year ended December 31, 2017.

Selected Quarterly Financial Data

	2017				2016			
	Dec. 31 \$	Sep. 30 \$	Jun. 30 \$	Mar. 31 \$	Dec. 31 \$	Sep. 30 \$	Jun. 30 \$	Mar. 31 \$
Revenues	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Net Loss	(1,536,754) ⁽¹⁾	(1,099,147)	(1,052,409)	(1,112,540) ⁽²⁾	(667,870) ⁽³⁾	(313,961)	(279,787)	(67,386)
Net Loss per Common Share Basic and Diluted	(0.02)	(0.01)	(0.02)	(0.02)	(0.02)	(0.01)	(0.02)	(0.02)

- (1) Variance primarily driven by increase in exploration expenditures of \$406,523, corporate development and investor relations of \$56,451, accounting and audit of \$18,000, partially offset by increase in foreign exchange gain of \$38,306.
- (2) Variance primarily driven by increase in exploration expenditures of \$170,108, corporate development and investor relations of \$268,555, foreign exchange loss of \$19,697, partially offset by decreases in transfer agent and regulatory fees of \$25,273, and legal and professional fees of \$13,444.
- (3) Variance primarily driven by increase in exploration expenditures of \$372,527.

Liquidity and Capital Resources

The Company has experienced recurring operating losses and has an accumulated deficit of \$30,053,606 and shareholders' equity of \$413,570 at December 31, 2017. In addition, the Company has working capital of \$356,050 at December 31, 2017 and negative cash flow from operating activities of \$4,373,047. 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 factors 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 (as disclosed in Note 1 of the Company's audited consolidated financial statements for the year ended December 31, 2017) 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.

The Company's audited consolidated financial statements for the year ended December 31, 2017 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 would be material.

The audited consolidated financial statements for the year ended December 31, 2017 have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable 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's cash position at December 31, 2017 was \$742,363, a decrease of \$735,921 from the December 31, 2016 balance of \$1,478,284. 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.

Capital Stock

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

As at December 31, 2017, an aggregate of 77,623,629 common shares were issued and outstanding. As at the date of this report, 84,882,129 common shares were issued and outstanding.

Details of Issues of Common Shares in 2017

On December 19, 2017, the Company a non-brokered private placement financing of 5,940,064 units at a price of \$0.19 per unit for gross proceeds of \$1,128,613. Each unit consists of one common share and one transferable common share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Company at \$0.30 per share for one year from the date of issue, expiring on December 19, 2019. The Company is entitled to accelerate the expiry date of the warrants if the 5-day volume weighted average stock price of the Company trades \$0.50 or higher, then, on notice from the Company, the warrant holders will have 20 days to exercise their warrants; otherwise, the warrants will expire on the 21st day after the date of delivery of the notice. Finders' fees were \$29,636 in cash and 155,978 non-transferable warrants exercisable into common shares at \$0.30 for one year from the date of issue subject to the accelerated exercise provisions as set out above. Fair value was calculated using the Black-Scholes pricing model and the following variables: risk-free interest rate – 1.58%; expected stock price volatility – 115.30%; dividend yield – 0%; and expected warrant life – 0.96 years.

During the year ended December 31, 2017, 25,745,400 warrants were exercised for gross proceeds of \$2,574,540.

The following summarizes information about stock options outstanding and exercisable as at the date of this report:

Number of Shares		Exercise Price	Expiry Date
Outstanding	Exercisable	(CAD\$)	
300,000	300,000	\$0.25	November 17, 2018
4,520,000	4,520,000	\$0.30	January 23, 2023
4,820,000	4,820,000		

The Company had the following warrants outstanding as at the date of this report:

Number of Warrants Outstanding	Exercise Price (CAD\$)	Expiry Date
4,322,352	\$0.50	September 19, 2018
6,096,042	\$0.30	December 19, 2018
7,331,125	\$0.35	February 28, 2020
17,749,519		

Commitment

Management Services Agreement

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 current fee is \$16,500 per month. This fee is reviewed and adjusted quarterly based on the level of services required.

The table below represents the Company's aggregate commitment to Grosso Group over the term of the Management Services Agreement.

	1 Year	2 Years	3 Years	4-5 Years	More than 5 Years
	\$	\$	\$	\$	\$
Management Services Agreement	198,000	396,000	-	-	-

Off-Balance Sheet Arrangements

The Company does not utilize off-balance sheet arrangements.

Related Party Transactions

Grosso Group Management Ltd.

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, 2016 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.

	Year ended December 31,	
	2017	2016
	\$	\$
Transactions		
Services rendered:		
Grosso Group Management Ltd.		
Management fees	145,100	62,100
Information technology	-	1,800
Office & sundry	27,300	6,600
Total for services rendered	172,400	70,500

Key management personnel compensation

Key management personnel of the company are members of the Board of Directors, as well as the Executive Chairman, President and CEO, CFO and Corporate Secretary and Vice President of Corporate Development.

	Year ended December 31,	
	2017	2016
	\$	\$
Transactions		
Interest and finance expense paid to a director	-	52,765
Consulting, salaries and professional fees to key management or their consulting corporations:		
Nikolaos Cacos President/CEO Salaries and employee benefits	60,000	60,000
Darren Urquhart CFO Salaries and employee benefits	12,000	33,000
David Terry Director/Consultant Salaries and employee benefits	48,000	33,200
Joseph Grosso Director/Consultant Professional fees	50,000	50,000
Total for services rendered	170,000	228,965

Transactions	Year ended December 31,	
	2017	2016
	\$	\$
Amounts owed to related parties		
Payable to Golden Arrow Resources Corp. ⁽¹⁾	176,264	5,580
Payable to Nikolaos Cacos	147	-
Payable to David Terry	4,200	4,200
Total shared costs included in accounts payable	21,854	9,780

(1) A company related through common directors that receives reimbursement for shared office costs and overhead.

Events After The Reporting Period

Private Placement

- On March 1, 2018, the Company closed a non-brokered private placement financing consisting of 7,258,500 units at a price of \$0.20 per unit for gross proceeds of \$1,451,700. Finders' fees were payable \$14,525 in cash and 72,625 non-transferable warrants exercisable into common shares at \$0.35 for two years from the date of issue.

Stock Options Granted

- Subsequent to December 31, 2017, 4,520,000 stock options were granted at an exercise price of \$0.30, with an expiry date of January 23, 2023.

Critical Accounting Estimates and Recent Accounting Pronouncements

The preparation of financial statements in conformity with IFRS 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 2 of the Company's consolidated financial statements for the year ended December 31, 2017. These accounting policies can have a significant impact on the financial performance and financial position of the Company.

Changes in Accounting Standards

The Company has adopted these accounting standards effective January 1, 2017. The adoption of these accounting standards had no significant impact on the consolidated financial statements. These standards are:

Amendments to IAS 7 *Statement of Cash Flows*

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 following is a brief summary of the new and amended standards and interpretations:

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 and financial liabilities. 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.

IFRIC 22 – Foreign Currency Transactions and Advance Consideration

This interpretation clarifies the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency. It covers foreign currency transactions when an entity recognizes a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration before the entity recognises the related asset, expense or income. It does not apply when an entity measures the related asset, expense or income on initial recognition at fair value or at the fair value of the consideration received or paid at a date other than the date of initial recognition of the non-monetary asset or non-monetary liability. Also, the Interpretation need not be applied to income taxes, insurance contracts or reinsurance contracts. This interpretation is effective for reporting periods beginning on or after January 1, 2018. IFRIC 22 is not expected to have a material impact on amounts recorded in the financial statements of the Company.

Amendments to IFRS 2 – Share-based Payments

These amendments added guidance that introduces accounting requirements for cash-settled share-based payments that follow the same approach as used for equity-settled share-based payments. They introduced an exception into IFRS 2 so that a share-based payment where the entity settles the share-based payment arrangement net is classified as equity-settled in its entirety, provided the share-based payment would have been classified as equity-settled had it not included the net settlement feature. Finally, they clarify the accounting treatment in situations where a cash-settled share-based payment changes to an equity-settled share-based payment because of modifications of the terms and conditions. These amendments are effective for reporting periods beginning on or after January 1, 2018. Amendments to IFRS 2 are 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.

Financial Instruments

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.

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 accounts receivable. The Company has reduced its credit risk by depositing its cash and short-term investments with financial institutions that operate globally. 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.

Market risk

(i) Currency risk

Financial instruments that impact the Company's net earnings or other comprehensive income due to currency fluctuations include: cash, accounts 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 December 31, 2017 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 approximately \$2,000.
- A 10% change in the Argentinean peso exchange rate relative to the Canadian dollar would change the Company's net loss by approximately \$31,000.

(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 values 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.

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. The Company is not subject to any external covenants. There were no changes in the Company's approach to capital management during the year ended December 31, 2017.

Risk Factors and Uncertainties

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. A number of the risks and uncertainties are discussed below:

History of losses: The Company has historically incurred losses as evidenced by its audited consolidated financial statements for the years ended December 31, 2017 and 2016. The Company has financed its operations principally through the sale of its equity securities. The Company does not anticipate that it will earn any revenue from its operations until its properties are placed into production, if ever. If the Company is unable to place its properties into production, the Company may never realize revenues from operations, will continue to incur losses and you may lose the value of your investment.

Joint ventures and other partnerships: The Company may seek joint venture partners to provide funding for further work on any or all of its other properties. Joint ventures may involve significant risks and the Company may lose any investment it makes in a joint venture. Any investments, strategic alliances or related efforts are accompanied by risks such as:

1. the difficulty of identifying appropriate joint venture partners or opportunities;
2. the time the Company's senior management must spend negotiating agreements, and monitoring joint venture activities;
3. the possibility that the Company may not be able to reach agreement on definitive agreements, with potential joint venture partners;
4. potential regulatory issues applicable to the mineral exploration business;
5. the investment of the Company's capital or properties and the loss of control over the return of the Company's capital or assets;
6. the inability of management to capitalize on the growth opportunities presented by joint ventures; and
7. the insolvency of any joint venture partner.

There are no assurances that the Company would be successful in overcoming these risks or any other problems encountered with joint ventures, strategic alliances or related efforts.

Unexpected delays: The Company's minerals business will be subject to the risk of unanticipated delays including permitting its contemplated projects. Such delays may be caused by fluctuations in commodity prices, mining risks, difficulty in arranging needed financing, unanticipated permitting requirements or legal obstruction in the permitting process by project opponents. In addition to adding to project capital costs (and possibly operating costs), such delays, if protracted, could result in a write-off of all or a portion of the carrying value of the delayed project.

Potential conflicts of interest: Several of the Company's directors are also directors, officers or shareholders of other companies. Such associations may give rise to conflicts of interest from time to time. Such a conflict poses the risk that the Company may enter into a transaction on terms which could place the Company in a worse position than if no conflict existed. The directors of the Company are required by law to act honestly and in good faith with a view to the best interest of the Company and to disclose any interest which they may have in any project or opportunity of the Company. However, each director has a similar obligation to other companies for which such director serves as an officer or director. The Company has no specific internal policy governing conflicts of interest.

Competition with larger, better capitalized competitors: The mining industry is competitive in all of its phases. The Company faces strong competition from other mining companies in connection with the acquisition of properties producing, or capable of producing, base and precious metals. Many of these companies have greater financial resources, operational experience and technical capabilities than the Company. As a result of this competition, the Company may be unable to maintain or acquire attractive mining properties on terms it considers acceptable or at all. Consequently, the Company's revenues, operations and financial condition could be materially adversely affected.

The Company does not intend to pay dividends: The Company has not paid out any cash dividends to date and has no plans to do so in the immediate future. As a result, an investor's return on investment will be solely determined by his or her ability to sell common shares in the secondary market.

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.

Price Risk: The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company's property has exposure to predominantly uranium. The prices of these metals, especially uranium, greatly affect the value of the Company and the potential value of its property 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 the Argentina and is currently being reviewed worldwide. 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.

Credit Risk: Credit risk is the risk of an unexpected loss of a third party to a financial instrument fails to meet its contractual obligations. The Company is subject to credit risk on cash. The Company limits its exposure to credit loss by placing its cash with major financial institutions.

Liquidity Risk: Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they are due. The Company ensures that there is sufficient capital in order to meet short-term business requirements, after taking into account the Company's holdings of cash. The Company raises capital through equity issues and its ability to do so is dependent on a number of factors including market acceptance, stock price and exploration results. The Company's cash is invested in bank accounts.

Interest Risk: The Company's bank accounts do not earn interest income. Cash bears no interest. The fair value of cash approximates its carrying values due to the immediate or short-term maturity of this financial instrument.

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.

Community Risk: The Company has negotiated with the local communities on its mineral property concessions for access to facilitate the completion of geological studies and exploration work programs. The Company's operations could be significantly disrupted or suspended by activities such as protests or blockades that may be undertaken by such certain groups or individuals within the community.

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 exempted Venture Issuers from the requirement to certify disclosure controls and procedures, as well as, Internal Controls over Financial Reporting as of December 31, 2007, and thereafter. The Company is a Venture Issuer; therefore it files the venture issuer basic certificates. The Company makes no assessment relating to establishment and maintenance of disclosure controls and procedures as defined under National Instrument 52-109 as at December 31, 2017.

Additional Information

Additional information relating to the Company, including news releases, financial statements and prior MD&A filings, is available on SEDAR at www.sedar.com.

The investor relations program is focused 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.