
Blue Sky Uranium Corp.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED JUNE 30, 2020 AND 2019

(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 Interim Statements of Financial Position
(Unaudited - Expressed in Canadian Dollars)

	Note	June 30, 2020 \$	December 31, 2019 \$
ASSETS			
Current assets			
Cash		139,545	360,605
Accounts receivable		10,222	7,104
Prepaid expenses		23,504	47,163
Total current assets		173,271	414,872
Non-current assets			
Mineral property interests	3	71,317	60,999
Total non-current assets		71,317	60,999
Total Assets		244,588	475,871
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	6	371,426	252,292
Loans payable	4	830,000	-
Interest payable	4	28,197	-
Total Liabilities		1,229,623	252,292
SHAREHOLDERS' DEFICIENCY			
Share capital	5	29,875,000	29,875,000
Reserves	5	7,730,665	7,730,665
Deficit		(38,590,700)	(37,382,086)
Total shareholders' deficiency		(985,035)	223,579
Total Shareholders' Deficiency and Liabilities		244,588	475,871

NATURE OF OPERATIONS AND GOING CONCERN (Note 1)

COMMITMENT (Note 9)

SUBSEQUENT EVENTS (Note 12)

These consolidated financial statements are authorized for issue by the Board of Directors on August 4, 2020. 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 Interim Statements of Loss and Comprehensive Loss
(Unaudited - Expressed in Canadian Dollars)

	Note	Three months ended June 30,		Six months ended June 30,	
		2020 \$	2019 \$	2020 \$	2019 \$
Expenses					
Accounting and audit		4,998	1,540	948	1,540
Corporate development and investor relations		25,445	276,533	77,056	502,260
Exploration	3	339,266	363,444	879,450	771,861
Management fees	6	43,500	50,250	87,000	95,450
Office and sundry	6	16,742	12,661	39,654	37,921
Professional fees	6	84,917	39,871	150,139	58,824
Rent, parking and storage		3,754	3,755	7,509	7,292
Salaries and employee benefits	6	51,000	51,315	102,000	103,590
Transfer agent and regulatory fees		7,776	11,713	17,883	19,749
Travel		-	10,791	16,076	33,078
Loss from operating activities		577,398	821,873	1,377,715	1,631,565
Other (income) expenses					
Foreign exchange (gain) loss		(3,847)	(3,176)	(197,298)	2,786
Interest expense		18,339	-	28,197	
Interest income		-	(1,065)	-	(5,691)
Loss (income) from other items		14,492	(4,241)	(169,101)	(2,905)
Loss and comprehensive loss for the period		591,890	817,632	1,208,614	1,628,660
Basic and diluted loss per common share (\$)	7	0.00	0.01	0.01	0.01

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

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

	Six months ended June 30,	
	2020	2019
	\$	\$
Cash flows used in operating activities		
Loss for the period	(1,208,614)	(1,628,660)
Interest expense	28,197	-
	(1,180,417)	(1,628,660)
Change in non-cash working capital items:		
Increase in accounts receivable	(3,118)	(4,230)
Decrease in prepaid expenses	23,659	126,818
Increase (decrease) in accounts payable and accrued liabilities	119,134	(28,935)
Net cash used in operating activities	(1,040,742)	(1,535,007)
Cash flow used in investing activities		
Expenditures on mineral property interests	(10,318)	-
Net cash used in investing activities	(10,318)	-
Cash flows from financing activities		
Loans payable	830,000	-
Issuance of common shares and warrants	-	372,727
Share issue costs	-	(4,374)
Subscription proceeds received	-	61,500
Net cash from financing activities	830,000	429,853
Net decrease in cash	(221,060)	(1,105,154)
Cash at beginning of period	360,605	1,293,079
Cash at end of period	139,545	187,925

SUPPLEMENTARY CASH FLOW INFORMATION (Note 10)

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

Blue Sky Uranium Corp.

Consolidated Interim Statements of Changes in (Deficiency) Equity

(Unaudited - Expressed in Canadian Dollars)

	Share capital		Reserves					Total
	Number of Shares	Amount \$	Contributed Surplus \$	Equity Settled Share-based Payments \$	Warrants \$	Subscriptions Payable \$	Accumulated Deficit \$	
Balance at December 31, 2018	109,788,717	28,729,625	4,506,972	802,798	2,022,416	-	(34,598,770)	1,463,041
Private placements	2,484,850	294,684	-	-	78,043	-	-	372,727
Share issue costs	-	(4,374)	-	-	-	-	-	(4,374)
Agent warrants granted	-	(1,120)	-	-	1,120	-	-	-
Subscriptions payable	-	-	-	-	-	61,500	-	61,500
Comprehensive loss for the period	-	-	-	-	-	-	(1,628,660)	(1,628,660)
Balance at June 30, 2019	112,273,567	29,018,815	4,506,972	802,798	2,101,579	61,500	(36,227,430)	264,234
Private placements	7,836,665	856,185	-	-	319,316	(61,500)	-	1,114,001
Stock options cancelled/expired	-	-	22,201	(22,201)	-	-	-	-
Comprehensive loss for the period	-	-	-	-	-	-	(1,154,656)	(1,154,656)
Balance at December 31, 2019	120,110,232	29,875,000	4,529,173	780,597	2,420,895	-	(37,382,086)	223,579
Stock options cancelled/expired	-	-	39,962	(39,962)	-	-	-	-
Warrants and agents' warrants expired	-	-	48,303	-	(48,303)	-	-	-
Comprehensive loss for the period	-	-	-	-	-	-	(1,208,614)	(1,208,614)
Balance at June 30, 2020	120,110,232	29,875,000	4,617,438	740,635	2,372,592	-	(38,590,700)	(985,035)

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

Blue Sky Uranium Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended June 30, 2020 and 2019

(Unaudited - Expressed in Canadian Dollars Unless Otherwise Noted)

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 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 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 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 condensed consolidated interim 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 \$38,590,700 and shareholders' deficiency of \$985,035 at June 30, 2020. In addition, the Company has negative working capital of \$1,056,352 at June 30, 2020 and negative cash flow from operating activities of \$1,040,742. 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 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.

On March 11, 2020, the World Health Organization declared the global outbreak of a novel coronavirus identified as "COVID-19" as a global pandemic. In order to combat the spread of COVID-19 governments worldwide have enacted emergency measures including travel bans, legally enforced or self-imposed quarantine periods, social distancing and business and organization closures. These measures have caused material disruptions to businesses, governments and other organizations resulting in an economic slowdown and increased volatility in national and global equity and commodity markets. Central banks and governments, including Canadian federal and provincial governments, have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of any interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company and its operations in future periods.

These condensed consolidated interim 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.

Blue Sky Uranium Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended June 30, 2020 and 2019

(Unaudited - Expressed in Canadian Dollars Unless Otherwise Noted)

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting (“IAS 34”), as issued by the International Accounting Standards Board (“IASB”), and its interpretations, using accounting policies consistent with International Financial Reporting Standards (“IFRS”) and accordingly, certain information and note disclosure included in the annual consolidated financial statements prepared in accordance with IFRS have been omitted or condensed. These condensed consolidated interim financial statements should be read in conjunction with the Company’s December 31, 2019 audited annual consolidated financial statements.

Basis of preparation

These condensed consolidated interim financial statements have been prepared on a historical cost basis except for financial instruments measured at fair value. In addition, these condensed consolidated interim 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 Uranium Holdings Corp.	BC, Canada	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 condensed consolidated interim 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.

Blue Sky Uranium Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended June 30, 2020 and 2019

(Unaudited - Expressed in Canadian Dollars Unless Otherwise Noted)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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. 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

1. The net carrying value of each mineral property is reviewed regularly for conditions that suggest impairment or a reversal of previously recorded 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.
- iv. The determination of our tax expense for the period and deferred tax assets and liabilities involves significant estimation and judgement by management. In determining these amounts, we interpret tax legislation in a variety of jurisdictions and make estimates of the expected timing of the reversal of deferred tax assets and liabilities. We also make estimates of future earnings which affect the extent to which potential future tax benefits may be used. We are subject to assessments by various taxation authorities, which may interpret legislation differently. These differences may affect the final amount or the timing of the payment of taxes. We provide for such differences where known based on our best estimate of the probable outcome of these matters.

Blue Sky Uranium Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended June 30, 2020 and 2019

(Unaudited - Expressed in Canadian Dollars Unless Otherwise Noted)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Changes in Accounting Standards

Effective in the first quarter 2019, the Company adopted IFRS 16 – *Leases*, issued in January 2016 and the related consequential amendments. IFRS 16 provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, unless the lease term is 12 months or less, or the underlying asset has a low value. The adoption of IFRS 16 has resulted in the recognition of right-of-use assets and lease liabilities for all operating leases where the Company is a lessee. Assets and liabilities relating to finance leases on the date of transition remain unchanged. The Company transitioned to IFRS 16 in accordance with the modified retrospective approach, with the cumulative effect of initially applying the new standard recognized in retained earnings on January 1, 2019. The adoption of IFRS 16 did not have a material impact on the Company's financial statements as the company has not entered into any agreement that meet the definition of a lease.

IFRIC 23 (effective January 1, 2019) provides guidance when there is uncertainty over income tax treatments including, but not limited to, whether uncertain tax treatments should be considered separately; assumptions made about the examination of tax treatments by tax authorities; the determination of taxable profit, tax bases, unused tax losses, unused tax credits, and tax rates; and, the impact of changes in facts and circumstances. This interpretation did not have an impact on the Company's condensed consolidated interim financial statements.

New Accounting Standards and Interpretations

The International Accounting Standards Board ("IASB") has issued amended standards and interpretations which have not yet been adopted by the Company. The following is a brief summary of the amended standards and interpretations:

Amendments to IFRS 3, Business Combinations (effective January 1, 2020) assist in determining whether a transaction should be accounted for as a business combination or an asset acquisition. It amends the definition of a business to include an input and a substantive process that together significantly contribute to the ability to create goods and services provided to customers, generating investment and other income, and it excludes returns in the form of lower costs and other economic benefits. This amendment is not expected to have any impact on the Company's condensed consolidated interim financial statements.

Amendments to IFRS 9, Financial Instruments and IFRS 7, Financial Instruments: Disclosures (effective January 1, 2020) will affect entities that apply the hedge accounting requirements to hedging relationships directly affected by the interest rate benchmark reform. The amendments modify specific hedge accounting requirements, so that entities would apply those hedge accounting requirements assuming that the interest rate benchmark is not altered as a result of the interest rate benchmark reform. If a hedging relationship no longer meets the requirements for hedge accounting for reasons other than those specified by the amended Standards, then discontinuation of hedge accounting is still required. This amendment is not expected to have any impact on the Company's condensed consolidated interim financial statements.

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 holds title to and is continuing to explore as at June 30, 2020:

Blue Sky Uranium Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended June 30, 2020 and 2019

(Unaudited - Expressed in Canadian Dollars Unless Otherwise Noted)

3. MINERAL PROPERTY INTERESTS (continued)

Acquisition Costs

	Argentina		
	Ivana \$	Regalo \$	Total \$
Balance – December 31, 2018 and June 30, 2019	34,177	25,000	59,177
Additions	1,822	-	1,822
Balance – December 31, 2019	35,999	25,000	60,999
Additions	10,318	-	10,318
Balance – June 30, 2020	46,317	25,000	71,317

Ivana Property

The Company owns a 100% interest in the 838 km² Ivana uranium property in the San Jorge Basin, Province of Rio Negro, located in the Northern Patagonia region of Argentina.

Regalo Property

The Company owns a 100% interest in the 233 km² Regalo property located northwest of the Cerro Solo Uranium District in the province of Chubut Argentina.

Exploration Expenditures

	Argentina				
	Amarillo Grande				Total \$
	Santa Barbara \$	Anit \$	Ivana \$	Other \$	
Cumulative exploration costs December 31, 2019	1,696,276	4,713,862	9,588,602	938,575	16,937,315
Expenditures during the period:					
Assays	-	-	6,163	-	6,163
Drilling	-	-	133,683	-	133,683
Geophysics	-	-	(14,706)	-	(14,706)
Office	124	1,478	74,184	1,192	76,978
Property maintenance payments	1,188	14,187	12,053	14,459	41,887
Salaries and contractors	219	2,613	397,913	-	400,745
Social and community	38	446	18,581	-	19,065
Statutory taxes	154	1,844	75,257	1,540	78,795
Supplies and equipment	-	5	83,557	-	83,562
Travel	-	9	53,269	-	53,278
	1,723	20,582	839,954	17,191	879,450
Cumulative exploration costs June 30, 2020	1,697,999	4,734,444	10,428,556	955,766	17,816,765

Blue Sky Uranium Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended June 30, 2020 and 2019

(Unaudited - Expressed in Canadian Dollars Unless Otherwise Noted)

3. MINERAL PROPERTY INTERESTS (continued)

	Argentina				Total \$
	Amarillo Grande			Other \$	
	Santa Barbara \$	Anit \$	Ivana \$		
Cumulative exploration costs December 31, 2018	1,674,811	4,663,090	8,193,065	937,119	15,468,085
Expenditures during the period:					
Assays	-	-	9,703	-	9,703
Environmental engineering	35	941	102,279	-	103,255
Metallurgy and mineralogy	18	502	54,567	-	55,087
Office	118	866	26,054	198	27,236
Property maintenance payments	-	2	16,671	-	16,673
Resource modelling	-	26,566	-	-	26,566
Salaries and contractors	63	4,061	397,314	391	401,829
Social and community	8	224	24,321	-	24,553
Statutory taxes	6	701	15,243	12	15,962
Supplies and equipment	-	3	31,364	-	31,367
Travel	2	45	59,583	-	59,630
	250	33,911	737,099	601	771,861
Cumulative exploration costs June 30, 2019	1,675,061	4,697,001	8,930,164	937,720	16,239,946

4. LOANS PAYABLE

At June 30, 2020, the Company had the following loans payable:

	June 30, 2020		
	Maturity	Currency	Amount
Guaranteed, 12% annual interest rate (1)	On demand	Canadian dollar	\$280,000
Unsecured, 12% annual interest rate (2)	On demand	Canadian dollar	\$333,000
Unsecured, non-interest bearing (3)	On demand	Canadian dollar	\$137,000
Unsecured, non-interest bearing (4)	On demand	Canadian dollar	\$ 80,000
			\$830,000

(1) \$280,000 Guaranteed, 12% annual interest rate & finance expense

On February 7, 2020, the Company entered into a loan agreement with an arm's length lender. The principal amount of the loan is \$280,000 and is to be used for working capital purposes and bears interest at the rate of 12% per annum. The loan was subject to an arrangement fee of \$30,000. The principal balance of the loan together with accrued and unpaid interest is due and payable in full on August 10, 2020. A director of the Company has guaranteed the principal and interest payable under this loan agreement in the event of default by the Company. During the six months ended June 30, 2020, the Company accrued \$12,980 in interest expense for this loan.

Blue Sky Uranium Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended June 30, 2020 and 2019

(Unaudited - Expressed in Canadian Dollars Unless Otherwise Noted)

4. LOANS PAYABLE (continued)

(2) \$333,000 Unsecured, 12% annual interest rate

On February 13, 2020, the Company entered into a loan agreement with an arm's length lender. The principal amount of the loan is \$333,000 and is to be 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. During the six months ended June 30, 2020, the Company accrued \$15,217 in interest expense for this loan.

(3) \$137,000 Unsecured, non-interest bearing

On February 13, 2020, the Company entered into a loan agreement with a non-arm's length lender. The principal amount of the loan is \$137,000 and is to be used for working capital purposes and is non-interest bearing. The principal balance of the loan, together with all accrued and unpaid interest thereon shall become due and payable in full on demand.

(4) \$80,000 Unsecured, non-interest bearing

On June 30, 2020, the Company entered into a loan agreement with a non-arm's length lender. The principal amount of the loan is \$80,000 and is to be used for working capital purposes and is non-interest bearing. The principal balance of the loan, together with all accrued and unpaid interest thereon shall become due and payable in full on demand.

At December 31, 2019, the Company did not have any loans payable.

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.

Details of Issues of Common Shares in 2020

There were no share issuances during the six months ended June 30, 2020.

Details of Issues of Common Shares in 2019

On October 23, 2019, the Company closed a non-brokered private placement financing of 5,793,333 units at a price of \$0.15 per unit for gross proceeds of \$869,000. 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 \$0.25 per share for two years from the date of issue, expiring on October 23, 2021. Fair value was calculated using the Black-Scholes pricing model and the following variables: risk-free interest rate – 1.65%; expected stock price volatility – 92.5%; dividend yield – 0%; and expected warrant life – 1.552 years.

On July 11, 2019, the Company closed the second and final tranche of a non-brokered private placement financing of 2,043,332 units at a price of \$0.15 per unit for gross proceeds of \$306,500. 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 \$0.25 per share for three years from the date of issue, expiring on July 11, 2022. Fair value was calculated using the Black-Scholes pricing model and the following variables: risk-free interest rate – 1.62%; expected stock price volatility – 89.74%; dividend yield – 0%; and expected warrant life – 1.433 years.

Blue Sky Uranium Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended June 30, 2020 and 2019

(Unaudited - Expressed in Canadian Dollars Unless Otherwise Noted)

5. SHARE CAPITAL AND RESERVES (continued)

On June 4, 2019, the Company closed the first tranche of a non-brokered private placement financing of 2,484,850 units at a price of \$0.15 per unit for gross proceeds of \$372,728. 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 \$0.25 per share for three years from the date of issue, expiring on June 4, 2022. Finders' fees were paid of \$4,374 cash and 29,162 non-transferable warrants exercisable into common shares at \$0.25 for three years from the date of issue. Fair value was calculated using the Black-Scholes pricing model and the following variables: risk-free interest rate – 1.42%; expected stock price volatility – 92.94%; dividend yield – 0%; and expected warrant life – 1.357 years.

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 generally vest immediately, are subject to a four-month hold period and are generally exercisable for a period of five years.

Options

The continuity of share purchase options for the six months ended June 30, 2020 is as follows:

Expiry date	Exercise Price	December 31, 2019	Granted	Exercised	Expired/ Forfeited	June 30, 2020	Options Exercisable
January 23, 2023	\$0.30	4,395,000	-	-	(225,000)	4,170,000	4,170,000
		4,395,000	-	-	(225,000)	4,170,000	4,170,000
Weighted average exercise price (\$)		0.30	-	-	0.30	0.30	0.30
Weighted average contractual remaining life (years)		3.1	-	-	-	2.6	2.6

The continuity of share purchase options for the six months ended June 30, 2019 is as follows:

Expiry date	Exercise Price	December 31, 2018	Granted	Exercised	Expired/ Forfeited	June 30, 2019	Options Exercisable
January 23, 2023	\$0.30	4,520,000	-	-	-	4,520,000	4,520,000
		4,520,000	-	-	-	4,520,000	4,520,000
Weighted average exercise price (\$)		0.30	-	-	-	0.30	0.30
Weighted average contractual remaining life (years)		4.1	-	-	-	3.6	3.6

Blue Sky Uranium Corp.

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(Unaudited - Expressed in Canadian Dollars Unless Otherwise Noted)

5. SHARE CAPITAL AND RESERVES (continued)

Warrants

The continuity of warrants for the six months ended June 30, 2020 is as follows:

Expiry date	Exercise Price	December 31, 2019	Granted	Exercised	Expired/ Cancelled	June 30, 2020
December 19, 2020	\$0.30	5,940,064	-	-	-	5,940,064
September 19, 2021	\$0.50	4,180,966	-	-	-	4,180,966
October 23, 2021	\$0.25	5,793,333	-	-	-	5,793,333
February 28, 2022	\$0.35	7,331,125	-	-	(72,625)	7,258,500
June 4, 2022	\$0.25	2,514,012	-	-	-	2,514,012
June 11, 2022	\$0.30	25,851,297	-	-	(944,709)	24,906,588
July 11, 2022	\$0.25	2,043,332	-	-	-	2,043,332
		53,654,129	-	-	(1,017,334)	52,636,795
Weighted average exercise price (\$)		0.31	-	-	0.30	0.31

24,906,588 warrants set to expire on June 11, 2020 were extended to June 11, 2022 during the six months ended June 30, 2020. These warrants were originally issued on June 11, 2018 as part of the units issued under a private placement completed by the Company in June 2018 and are also subject to an accelerator. The exercise price of the warrants remains at \$0.30.

7,258,500 warrants set to expire on February 28, 2020 were extended to February 28, 2022 during the six months ended June 30, 2020. These warrants were originally issued on March 1, 2018 as part of the units issued under a private placement completed by the Company on March 1, 2018 and are also subject to an accelerator. The exercise price of the warrants remains at \$0.35.

The continuity of warrants for the six months ended June 30, 2019 is as follows:

Expiry date	Exercise Price	December 31, 2018	Granted	Exercised	Expired/ forfeited	June 30, 2019
September 19, 2019	\$0.50	4,180,966	-	-	-	4,180,966
December 19, 2020	\$0.30	5,940,064	-	-	-	5,940,064
February 28, 2020	\$0.35	7,331,125	-	-	-	7,331,125
June 11, 2020	\$0.30	25,851,297	-	-	-	25,851,297
June 4, 2022	\$0.25	-	2,514,012	-	-	2,514,012
		43,303,452	2,514,012	-	-	45,817,464
Weighted average exercise price (\$)		0.33	0.25	-	-	0.32

6. RELATED PARTY BALANCES AND 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 expires on December 31, 2021 and is automatically renewed for a period of two years pursuant to the terms of the Agreement.

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6. RELATED PARTY BALANCES AND TRANSACTIONS (continued)

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.

	Six months ended June 30,	
	2020	2019
Transactions	\$	\$
Services rendered:		
Grosso Group Management Ltd.		
Management fees	87,000	93,450
Office & sundry	26,895	25,495
Total for services rendered	113,895	118,945

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 Vice President of Corporate Development.

	Six months ended June 30,	
	2020	2019
Transactions	\$	\$
Consulting, salaries and professional fees to key management or their consulting corporations:		
President/CEO/Director Salaries and employee benefits	30,000	30,000
CFO Salaries and employee benefits	6,000	6,000
Directors/Consultants Salaries, employee benefits and professional fees	73,000	74,590
Total for services rendered	109,000	110,590

	Six months ended June 30,	
	2020	2019
Transactions	\$	\$
Amounts owed to related parties		
Payable to Golden Arrow Resources Corp. ⁽¹⁾	170,414	22,333
Payable to Oxbow International Marketing Ltd. ⁽²⁾	893	6,156
Payable to Grosso Group Management Ltd. ⁽²⁾	57,189	748
Total shared costs included in accounts payable	228,496	29,237

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

(2) A company owned by Joseph Grosso of Blue Sky Uranium Corporation.

7. BASIC AND DILUTED LOSS PER SHARE

The calculation of basic and diluted loss per share for the six months ended June 30, 2020 and 2019 was based on the following:

Blue Sky Uranium Corp.

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For the six months ended June 30, 2020 and 2019

(Unaudited - Expressed in Canadian Dollars Unless Otherwise Noted)

7. BASIC AND DILUTED LOSS PER SHARE (continued)

	Three months ended June 30,		Six months ended June 30,	
	2020	2019	2020	2019
Loss attributable to common shareholders (\$)	591,890	817,632	1,208,614	1,628,660
Weighted average number of common shares outstanding	120,110,232	110,525,980	120,110,232	109,898,695

Diluted loss per share did not include the effect of 4,170,000 (June 30, 2019 – 4,520,000) share purchase options and 52,636,795 (June 30, 2019 – 45,817,464) 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 six months ended June 30, 2020.

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

	June 30, 2020	
	Argentina	Total
	\$	\$
Mineral property interests	71,317	71,317
	71,317	71,317

	December 31, 2019	
	Argentina	Total
	\$	\$
Mineral property interests	60,999	60,999
	60,999	60,999

9. 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 \$14,500 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	87,000	174,000	-	-	-

Blue Sky Uranium Corp.

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10. SUPPLEMENTARY CASH FLOW

	Six months ended June 30,	
	2020	2019
	\$	\$
Non-cash investing and financing activities:		
Private placements – issuance of warrants	-	78,043
Share issue cost – issuance of warrants to agents	-	1,120
Stock options cancelled	39,962	-
Warrants and agents' warrants cancelled	48,303	-

11. 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, and accounts payable and accrued liabilities. The recorded amounts for cash, 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 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.

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11. FINANCIAL INSTRUMENTS AND CAPITAL MANAGEMENT (continued)

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.

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. A 10% change in US dollar and the Argentinean peso exchange rates relative to Canadian dollar would have insignificant impact on the Company's net and comprehensive loss:

- A 10% change in the US dollar exchange rate relative to the Canadian dollar would change the Company's net loss by approximately \$500.
- A 10% change in the Argentinean peso exchange rate relative to the Canadian dollar would change the Company's net loss by approximately \$3,500.

(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. The Company is not subject to any external covenants. There were no changes in the Company's approach to capital management during the six months ended June 30, 2020.

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Notes to the Condensed Consolidated Interim Financial Statements

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12. SUBSEQUENT EVENTS

Loans Payable

- On July 31, 2020, the Company borrowed \$154,000 from a non-arm's length lender that bears no interest and is to be used for working capital purposes. The principal balance of the loan shall become due and payable in full on demand.