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# **Blue Sky Uranium Corp.**

## **CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

FOR THE THREE MONTHS ENDED MARCH 31, 2018 AND 2017

*(Unaudited - Expressed in Canadian Dollars)*

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**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 | March 31,<br>2018<br>\$ | December 31,<br>2017<br>\$ |
|--|------|-------------------------|----------------------------|
| <b>ASSETS</b>                            |      |                         |                            |
| <b>Current assets</b>                    |      |                         |                            |
| Cash                                     |      | 764,371                 | 742,363                    |
| Accounts receivable                      |      | 13,783                  | 15,314                     |
| Prepaid expenses                         |      | 195,137                 | 211,979                    |
| <b>Total current assets</b>              |      | <b>973,291</b>          | <b>969,656</b>             |
| <b>Non-current assets</b>                |      |                         |                            |
| Equipment                                | 3    | 2,383                   | 3,277                      |
| Mineral property interests               | 4    | 56,300                  | 54,243                     |
| <b>Total non-current assets</b>          |      | <b>58,683</b>           | <b>57,520</b>              |
| <b>Total Assets</b>                      |      | <b>1,031,974</b>        | <b>1,027,176</b>           |
| <b>LIABILITIES</b>                       |      |                         |                            |
| <b>Current liabilities</b>               |      |                         |                            |
| Accounts payable and accrued liabilities | 6    | 443,873                 | 613,606                    |
| <b>Total Liabilities</b>                 |      | <b>443,873</b>          | <b>613,606</b>             |
| <b>EQUITY</b>                            |      |                         |                            |
| Share capital                            | 5    | 26,156,127              | 25,067,911                 |
| Reserves                                 | 5    | 6,551,022               | 5,399,265                  |
| Deficit                                  |      | (32,119,048)            | (30,053,606)               |
| <b>Total Equity</b>                      |      | <b>588,101</b>          | <b>413,570</b>             |
| <b>Total Equity and Liabilities</b>      |      | <b>1,031,974</b>        | <b>1,027,176</b>           |

**NATURE OF OPERATIONS AND GOING CONCERN (Note 1)**

**COMMITMENT (Note 9)**

These consolidated interim financial statements are authorized for issue by the Board of Directors on May 29, 2018. 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 March 31, |                  |
|---|------|------------------------------|------------------|
|   |      | 2018                         | 2017             |
|   |      | \$                           | \$               |
| <b>Expenses</b>                                   |      |                              |                  |
| Corporate development and investor relations      |      | 214,214                      | 353,830          |
| Depreciation                                      | 3    | 894                          | 894              |
| Exploration                                       | 4    | 920,188                      | 553,004          |
| Management fees                                   | 6    | 42,000                       | 38,100           |
| Office and sundry                                 | 6    | 25,609                       | 16,230           |
| Professional fees                                 | 6    | 16,844                       | 33,307           |
| Rent, parking and storage                         |      | 3,176                        | 3,075            |
| Salaries and employee benefits                    | 6    | 36,000                       | 30,000           |
| Share-based compensation                          |      | 802,798                      | 47,085           |
| Transfer agent and regulatory fees                |      | 24,995                       | 25,913           |
| Travel  |      | 7,730                        | 11,629           |
| Loss from operating activities                    |      | 2,094,448                    | 1,113,067        |
| Foreign exchange (gain) loss                      |      | (27,303)                     | 2,297            |
| Interest income                                   |      | (1,703)                      | (2,824)          |
| <b>Loss and comprehensive loss for the period</b> |      | <b>2,065,442</b>             | <b>1,112,540</b> |
| <b>Basic and diluted loss per common share</b>    | 7    | 0.03                         | 0.02             |

*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)

|  | Three months ended March 31, |             |
|--|------------------------------|-------------|
|  | 2018                         | 2017        |
|  | \$                           | \$          |
| <b>Cash flows used in operating activities</b>         |                              |             |
| Loss for the period                                    | (2,065,442)                  | (1,112,540) |
| Depreciation   | 894                          | 894         |
| Share-based compensation                               | 802,798                      | 47,085      |
|  | (1,261,750)                  | (1,064,561) |
| Change in non-cash working capital items:              |                              |             |
| Decrease (increase) in accounts receivable             | 1,531                        | (474)       |
| Decrease in prepaid expenses                           | 16,842                       | 94,363      |
| (Decrease) in accounts payable and accrued liabilities | (169,733)                    | (23,188)    |
| Net cash used in operating activities                  | (1,413,110)                  | (993,860)   |
| <b>Cash flow used in investing activities</b>          |                              |             |
| Expenditures on mineral property interests             | (2,057)                      | (25,000)    |
| Net cash used in investing activities                  | (2,057)                      | (25,000)    |
| <b>Cash flows from financing activities</b>            |                              |             |
| Issuance of common shares and warrants                 | 1,451,700                    | -           |
| Share issue costs                                      | (14,525)                     | -           |
| Warrants exercised                                     | -                            | 285,225     |
| Net cash from financing activities                     | 1,437,175                    | 285,225     |
| <b>Net increase (decrease) in cash</b>                 | 22,008                       | (733,635)   |
| Cash at beginning of period                            | 742,363                      | 1,478,284   |
| <b>Cash at end of period</b>                           | 764,371                      | 744,649     |

**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 Equity**  
*(Unaudited - Expressed in Canadian Dollars)*

|                                       | Share capital       |              | Reserves                     |   |                |                              |             | Total<br>\$ |
|---------------------------------------|---------------------|--------------|------------------------------|---|----------------|------------------------------|-------------|-------------|
|                                       | Number<br>of Shares | Amount<br>\$ | Contributed<br>Surplus<br>\$ | Equity Settled<br>Share-based<br>Payments<br>\$ | Warrants<br>\$ | Accumulated<br>Deficit<br>\$ |             |             |
| <b>Balance at December 31, 2016</b>   | 46,003,954          | 21,193,429   | 3,985,637                    | 129,668   | 1,439,610      | (25,252,756)                 | 1,495,588   |             |
| Share-based compensation              | -                   | -            | -                            | 47,085  | -              | -                            | 47,085      |             |
| Warrants exercised                    | 2,852,250           | 345,333      | -                            | -   | (60,108)       | -                            | 285,225     |             |
| Return to Treasury                    | (65,789)            | -            | -                            | -   | -              | -                            | -           |             |
| Comprehensive loss for the period     | -                   | -            | -                            | -   | -              | (1,112,540)                  | (1,112,540) |             |
| <b>Balance at March 31, 2017</b>      | 48,790,415          | 21,538,762   | 3,985,637                    | 176,753   | 1,379,502      | (26,365,296)                 | 715,358     |             |
| Private placements                    | 5,940,064           | 817,650      | -                            | -   | 310,963        | -                            | 1,128,613   |             |
| Share issue costs                     | -                   | (44,467)     | -                            | -   | -              | -                            | (44,467)    |             |
| Agents' warrants granted              | -                   | -            | -                            | -   | 14,831         | -                            | 14,831      |             |
| Stock options cancelled/expired       | -                   | -            | 122,779                      | (122,779)                                       | -              | -                            | -           |             |
| Share-based compensation              | -                   | -            | -                            | (1,770)   | -              | -                            | (1,770)     |             |
| Warrants exercised                    | 22,893,150          | 2,755,966    | -                            | -   | (466,651)      | -                            | 2,289,315   |             |
| Warrants and agents' warrants expired | -                   | -            | 283,436                      | -   | (283,436)      | -                            | -           |             |
| Comprehensive loss for the period     | -                   | -            | -                            | -   | -              | (3,688,310)                  | (3,688,310) |             |
| <b>Balance at December 31, 2017</b>   | 77,623,629          | 25,067,911   | 4,391,852                    | 52,204  | 955,209        | (30,053,606)                 | 413,570     |             |
| Private placements                    | 7,258,500           | 1,107,924    | -                            | -   | 343,776        | -                            | 1,451,700   |             |
| Share issue costs                     | -                   | (14,525)     | -                            | -   | -              | -                            | (14,525)    |             |
| Agent warrants granted                | -                   | (5,183)      | -                            | -   | 5,183          | -                            | -           |             |
| Share-based compensation              | -                   | -            | -                            | 802,798   | -              | -                            | 802,798     |             |
| Comprehensive loss for the period     | -                   | -            | -                            | -   | -              | (2,065,442)                  | (2,065,442) |             |
| <b>Balance at March 31, 2018</b>      | 84,882,129          | 26,156,127   | 4,391,852                    | 855,002   | 1,304,168      | (32,119,048)                 | 588,101     |             |

*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 three months ended March 31, 2018 and 2017

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

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

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

The Company has experienced recurring operating losses and has an accumulated deficit of \$32,119,048 and shareholders' equity of \$588,101 at March 31, 2018. In addition, the Company has working capital of \$529,418 at March 31, 2018 and negative cash flow from operating activities of \$1,413,110. 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. These consolidated financial statements do not include adjustments to the amounts and classifications of assets and liabilities and reported expenses that might be necessary should the Company be unable to continue as a going concern, which could be material.

## Blue Sky Uranium Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2018 and 2017

(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 International Financial Reporting Standards (“IFRS”), as applicable to interim financial reports including International Accounting Standard 34 ‘Interim Financial Reporting’.

These condensed consolidated interim financial statements do not include all the information and note disclosures required by IFRS for annual financial statements and should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2017, which have been prepared in accordance with IFRS, as issued by the International Accounting Standards Board (“IASB”) and included in Part 1 of the Handbook of the Chartered Professional Accountants of Canada.

The policies applied in these condensed consolidated interim financial statements are the same as those applied in the most recent annual consolidated financial statements, except for IFRS 9 Financial Instruments (“IFRS 9). All other accounting policies were consistently applied to all the periods presented unless otherwise noted.

The Company completed a detailed assessment of its financial assets and liabilities as at January 1, 2018. The following table shows the original classification under IAS 39 and the new classification under IFRS 9:

| Financial assets/liabilities             | Original classification IAS 39 | New classification IFRS 9 |
|--|--------------------------------|---------------------------|
| Cash and cash equivalents                | Amortized cost                 | Amortized cost            |
| Amounts receivable                       | Amortized cost                 | Amortized cost            |
| Accounts payable and accrued liabilities | Amortized cost                 | Amortized cost            |

The Company did not restate prior periods as it recognized the effects of retrospective application to shareholders’ equity at the beginning of the 2018 annual reporting period, which also includes the date of initial application. The adoption of IFRS 9 resulted in no impact to the opening accumulated deficit nor the opening balance of accumulated comprehensive income on January 1, 2018.

#### *Basis of preparation*

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

#### *Basis of consolidation*

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

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

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



## **Blue Sky Uranium Corp.**

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2018 and 2017

*(Unaudited - Expressed in Canadian Dollars Unless Otherwise Noted)*

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

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

#### *Significant Accounting Estimates and Judgments*

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

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

## **Blue Sky Uranium Corp.**

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2018 and 2017

*(Unaudited - Expressed in Canadian Dollars Unless Otherwise Noted)*

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

- 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.

#### *Changes in Accounting Standards*

The Company has adopted these accounting standards effective January 1, 2018. The adoption of these accounting standards had no significant impact on the consolidated financial statements. These standards are:

*IFRS 9 – Financial Instruments*

*IFRS 15 – Revenue from Contracts with Customers*

*IFRIC 22 – Foreign Currency Transactions and Advance Consideration*

*Amendments to IFRS 2 – Share-based Payments*

#### *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 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.

## Blue Sky Uranium Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2018 and 2017

(Unaudited - Expressed in Canadian Dollars Unless Otherwise Noted)

### 3. EQUIPMENT

|   | Computer<br>Equipment<br>\$ | Total<br>\$ |
|---|-----------------------------|-------------|
| <b>Cost</b>                                     |                             |             |
| Balance at December 31, 2016                    | -                           | -           |
| Additions                                       | 7,150                       | 7,150       |
| Balance at December 31, 2017 and March 31, 2018 | 7,150                       | 7,150       |
| <b>Accumulated Depreciation</b>                 |                             |             |
| Balance at December 31, 2016                    | 298                         | 298         |
| Depreciation                                    | 3,575                       | 3,575       |
| Balance at December 31, 2017                    | 3,873                       | 3,873       |
| Depreciation                                    | 894                         | 894         |
| Balance at March 31, 2018                       | 4,767                       | 4,767       |
| <b>Carrying Amount</b>                          |                             |             |
| At December 31, 2017                            | 3,277                       | 3,277       |
| At March 31, 2018                               | 2,383                       | 2,383       |

### 4. 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 March 31, 2018:

#### Acquisition Costs

|                             | Argentina   |              |             |
|-----------------------------|-------------|--------------|-------------|
|                             | Ivana<br>\$ | Regalo<br>\$ | Total<br>\$ |
| Balance – December 31, 2017 | 29,243      | 25,000       | 54,243      |
| Additions                   | 2,057       | -            | 2,057       |
| Balance – March 31, 2018    | 31,300      | 25,000       | 56,300      |

#### *Ivana Property*

The Company owns a 100% interest in the 838 km<sup>2</sup> 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 km<sup>2</sup> Regalo property located northwest of the Cerro Solo Uranium District in the province of Chubut Argentina.

## Blue Sky Uranium Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2018 and 2017

(Unaudited - Expressed in Canadian Dollars Unless Otherwise Noted)

### 4. MINERAL PROPERTY INTERESTS (continued)

#### Exploration Expenditures

|                               | Argentina        |           |           |        |            |
|-------------------------------|------------------|-----------|-----------|--------|------------|
|                               | Amarillo Grande  |           |           |        | Total      |
|                               | Santa<br>Barbara | Anit      | Ivana     | Other  |            |
|                               | \$               | \$        | \$        | \$     | \$         |
| Cumulative exploration costs  |                  |           |           |        |            |
| December 31, 2017             | 1,615,817        | 4,439,237 | 6,141,918 | 10,718 | 12,207,690 |
| Expenditures during the year: |                  |           |           |        |            |
| Assays                        | -                | -         | 175,780   | -      | 175,780    |
| Drilling                      | -                | -         | 109,750   | -      | 109,750    |
| Office                        | -                | 327       | 24,037    | -      | 24,364     |
| Property maintenance payments | -                | -         | 2,057     | -      | 2,057      |
| Resource modelling            | -                | 95,579    | -         | -      | 95,579     |
| Salaries and contractors      | -                | 38        | 296,101   | -      | 296,139    |
| Social and community          | -                | 3         | 5,281     | -      | 5,284      |
| Statutory taxes               | -                | 18,645    | 131,072   | -      | 149,717    |
| Supplies and equipment        | -                | -         | 30,037    | -      | 30,037     |
| Travel                        | -                | 3         | 31,478    | -      | 31,481     |
|                               | -                | 114,595   | 805,593   | -      | 920,188    |
| Cumulative exploration costs  |                  |           |           |        |            |
| March 31, 2018                | 1,615,817        | 4,553,832 | 6,947,511 | 10,718 | 13,127,878 |

|                               | Argentina        |           |           |         |                   |            |       |
|-------------------------------|------------------|-----------|-----------|---------|-------------------|------------|-------|
|                               | Amarillo Grande  |           |           |         | Sierra<br>Colonia | Other      | Total |
|                               | Santa<br>Barbara | Anit      | Ivana     | Other   |                   |            |       |
|                               | \$               | \$        | \$        | \$      | \$                | \$         |       |
| Cumulative exploration costs  |                  |           |           |         |                   |            |       |
| December 31, 2016             | 1,232,231        | 3,853,705 | 3,580,382 | 907,899 | -                 | 9,574,217  |       |
| Expenditures during the year: |                  |           |           |         |                   |            |       |
| Assays                        | -                | -         | 24,908    | -       | -                 | 24,908     |       |
| Drilling                      | 11,343           | 11,446    | 153,949   | -       | -                 | 176,738    |       |
| Geophysics                    | (13,692)         | (13,692)  | 20,815    | -       | -                 | (6,569)    |       |
| Office                        | 987              | 2,885     | 28,351    | -       | 20                | 32,243     |       |
| Property maintenance payments | 114              | 380       | 6,862     | -       | 7                 | 7,363      |       |
| Salaries and contractors      | 3,777            | 6,809     | 156,369   | -       | 571               | 167,526    |       |
| Social and community          | 101              | 337       | 4,730     | -       | 6                 | 5,174      |       |
| Statutory taxes               | 1,372            | 4,572     | 64,201    | -       | -                 | 70,145     |       |
| Supplies and equipment        | 679              | 15,832    | 19,695    | -       | -                 | 36,206     |       |
| Travel                        | 6,124            | 7,431     | 37,190    | -       | -                 | 50,745     |       |
|                               | 10,805           | 36,000    | 517,070   | -       | 604               | 564,479    |       |
| Cumulative exploration costs  |                  |           |           |         |                   |            |       |
| March 31, 2017                | 1,243,036        | 3,889,705 | 4,097,452 | 907,899 | 604               | 10,138,696 |       |

## **Blue Sky Uranium Corp.**

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2018 and 2017

(Unaudited - Expressed in Canadian Dollars Unless Otherwise Noted)

### **5. SHARE CAPITAL AND RESERVES**

#### *Authorized Share Capital*

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

#### *Details of Issues of Common Shares in 2018*

On March 1, 2018, the Company a non-brokered private placement financing of 7,258,500 units at a price of \$0.20 per unit for gross proceeds of \$1,451,700. 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 \$0.35 per share for two years from the date of issue, expiring on February 28, 2020. The Company is entitled to accelerate the expiry date of the warrants if the five-day volume weighted average stock price of the Company trades \$0.75 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 21<sup>st</sup> day after the date of delivery of the notice. Finders' fees were paid of \$14,525 cash and 72,625 non-transferable warrants exercisable into common shares at \$0.35 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 – 1.71%; expected stock price volatility – 112.85%; dividend yield – 0%; and expected warrant life – 0.98 years.

#### *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, 2018. The Company is entitled to accelerate the expiry date of the warrants if the five-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 21<sup>st</sup> day after the date of delivery of the notice. Finders' fees were paid of \$29,636 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.

#### *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.

## Blue Sky Uranium Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2018 and 2017

(Unaudited - Expressed in Canadian Dollars Unless Otherwise Noted)

### 5. SHARE CAPITAL AND RESERVES (continued)

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 three months ended March 31, 2018 is as follows:

| Expiry date   | Exercise Price | December 31, 2017 | Granted   | Exercised | Expired/Cancelled | March 31, 2018 | Options Exercisable |
|---|----------------|-------------------|-----------|-----------|-------------------|----------------|---------------------|
| November 17, 2018                                   | \$0.25         | 300,000           | -         | -         | -                 | 300,000        | 300,000             |
| January 23, 2023                                    | \$0.30         | -                 | 4,520,000 | -         | -                 | 4,520,000      | 4,520,000           |
|   |                | 300,000           | 4,520,000 | -         | -                 | 4,820,000      | 4,820,000           |
| Weighted average exercise price (\$)                |                | 0.25              | 0.30      | -         | -                 | 0.30           | 0.30                |
| Weighted average contractual remaining life (years) |                | 0.9               | 4.8       | -         | -                 | 4.6            | 4.6                 |

The continuity of share purchase options for the three months ended March 31, 2017 is as follows:

| Expiry date   | Exercise Price | December, 31, 2016 | Granted | Exercised | Expired/Forfeited | March 31, 2017 | Options Exercisable |
|---|----------------|--------------------|---------|-----------|-------------------|----------------|---------------------|
| September 24, 2017                                  | \$1.20         | 93,500             | -       | -         | -                 | 93,500         | 93,500              |
| November 17, 2018                                   | \$0.25         | 300,000            | -       | -         | -                 | 300,000        | 75,000              |
| March 9, 2020                                       | \$0.30         | -                  | 250,000 | -         | -                 | 250,000        | 62,500              |
|   |                | 393,500            | 250,000 | -         | -                 | 643,500        | 231,000             |
| Weighted average exercise price (\$)                |                | 0.48               | 0.30    | -         | -                 | 0.41           | 0.32                |
| Weighted average contractual remaining life (years) |                | 1.6                | 2.94    | -         | -                 | 1.97           | 1.52                |

The weighted average fair value of share purchase options granted during the three months ended March 31, 2018 is \$0.18 (2017 - \$0.26).

Options were priced based on the Black-Scholes option pricing model using the following weighted average assumptions to estimate the fair value of options granted:

|                                 | Three months ended March 31, |        |
|---------------------------------|------------------------------|--------|
|                                 | 2018                         | 2017   |
| Risk-free interest rate         | 1.77%                        | 0.84%  |
| Expected option life in years   | 2.5                          | 2.7    |
| Expected share price volatility | 146%                         | 181%   |
| Grant date share price          | \$0.25                       | \$0.30 |
| Expected forfeiture rate        | -                            | -      |
| Expected dividend yield         | Nil                          | Nil    |

## Blue Sky Uranium Corp.

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For the three months ended March 31, 2018 and 2017

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### 5. SHARE CAPITAL AND RESERVES (continued)

#### Warrants

The continuity of warrants for the three months ended March 31, 2018 is as follows:

| Expiry date                          | Exercise Price | December 31, 2017 | Granted   | Exercised | Expired/Cancelled | March 31, 2018 |
|--------------------------------------|----------------|-------------------|-----------|-----------|-------------------|----------------|
| September 19, 2018                   | \$0.50         | 4,322,352         | -         | -         | -                 | 4,322,352      |
| December 19, 2018                    | \$0.30         | 6,096,042         | -         | -         | -                 | 6,096,042      |
| February 28, 2020                    | \$0.35         | -                 | 7,331,125 | -         | -                 | 7,331,125      |
|                                      |                | 10,418,394        | 7,331,125 | -         | -                 | 17,749,519     |
| Weighted average exercise price (\$) |                | 0.38              | 0.35      | -         | -                 | 0.37           |

The continuity of warrants for the three months ended March 31, 2017 as follows:

| Expiry date                          | Exercise Price | December 31, 2016 | Granted | Exercised   | Expired/Cancelled | March 31, 2017 |
|--------------------------------------|----------------|-------------------|---------|-------------|-------------------|----------------|
| July 4, 2017                         | \$0.10         | 38,057,500        | -       | (2,852,250) | -                 | 35,205,250     |
| September 19, 2018                   | \$0.50         | 4,388,141         | -       | -           | -                 | 4,388,141      |
|                                      |                | 42,445,641        | -       | (2,852,250) | -                 | 39,593,391     |
| Weighted average exercise price (\$) |                | 0.14              | -       | 0.10        | -                 | 0.14           |

### 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 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.

## Blue Sky Uranium Corp.

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### 6. RELATED PARTY BALANCES AND TRANSACTIONS (continued)

|                              | Three months ended March 31, |        |
|------------------------------|------------------------------|--------|
|                              | 2018                         | 2017   |
|                              | \$                           | \$     |
| <b>Transactions</b>          |                              |        |
| Services rendered:           |                              |        |
| Grosso Group Management Ltd. |                              |        |
| Management fees              | 42,000                       | 62,100 |
| Information technology       | -                            | 1,800  |
| Office & sundry              | 15,600                       | 6,600  |
| Total for services rendered  | 57,600                       | 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.

|  | Three months ended March 31, |        |
|--|------------------------------|--------|
|  | 2018                         | 2017   |
|  | \$                           | \$     |
| <b>Transactions</b>  |                              |        |
| Share-based compensation   | 408,503                      | -      |
| Consulting, salaries and professional fees to key management or their consulting corporations: |                              |        |
| Nikolaos Cacos      President/CEO      Salaries and employee benefits                          | 15,000                       | 15,000 |
| Darren Urquhart    CFO/Corporate      Salaries and employee benefits                           | 3,000                        | 3,000  |
| David Terry        Director/Consultant    Salaries and employee benefits                       | 12,000                       | 12,000 |
| Joseph Grosso     Director/Consultant    Professional fees                                     | 12,500                       | 12,500 |
| Total for services rendered  | 451,003                      | 42,500 |

|   | Three months ended March 31, |        |
|---|------------------------------|--------|
|   | 2018                         | 2017   |
|   | \$                           | \$     |
| <b>Transactions</b>                             |                              |        |
| Amounts owed to related parties                 |                              |        |
| Payable to Golden Arrow Corp. <sup>(1)</sup>    | 14,420                       | 18,536 |
| Payable to Nikolaos Cacos                       | 10,854                       | -      |
| Total shared costs included in accounts payable | 25,274                       | 18,536 |

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

### 7. BASIC AND DILUTED LOSS PER SHARE

The calculation of basic and diluted loss per share for three months ended March 31, 2018 and 2017 was based on the following:

|  | Three months ended March 31, |            |
|--|------------------------------|------------|
|  | 2018                         | 2017       |
| Loss attributable to common shareholders (\$)        | 2,065,442                    | 1,112,540  |
| Weighted average number of common shares outstanding | 79,990,531                   | 49,252,546 |



## Blue Sky Uranium Corp.

Notes to the Condensed Consolidated Interim Financial Statements

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### 7. BASIC AND DILUTED LOSS PER SHARE (continued)

Diluted loss per share did not include the effect of 4,820,000 (March 31, 2017 – 643,500) share purchase options and 17,749,519 (March 31, 2017 – 39,593,391) common share purchase warrants as they are anti-dilutive.

### 8. OPERATING SEGMENTS

The Company is primarily involved in mineral exploration activities in Argentina. The Company is in the exploration stage and, accordingly, has no reportable segment revenues or operating revenues for the three months ended March 31, 2018.

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

|                            | March 31, 2018 |           |        |
|----------------------------|----------------|-----------|--------|
|                            | Canada         | Argentina | Total  |
|                            | \$             | \$        | \$     |
| Mineral property interests | -              | 56,300    | 56,300 |
| Equipment                  | 2,383          | -         | 2,383  |
|                            | 2,383          | 56,300    | 58,683 |

  

|                            | December 31, 2017 |           |        |
|----------------------------|-------------------|-----------|--------|
|                            | Canada            | Argentina | Total  |
|                            | \$                | \$        | \$     |
| Mineral property interests | -                 | 54,243    | 54,243 |
| Equipment                  | 3,277             | -         | 3,277  |
|                            | 3,277             | 54,243    | 57,520 |

### 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 \$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 | 148,500 | 346,500 | -       | -         | -                 |

## Blue Sky Uranium Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2018 and 2017

(Unaudited - Expressed in Canadian Dollars Unless Otherwise Noted)

### 10. SUPPLEMENTARY CASH FLOW

|   | Three months ended March 31, |        |
|---|------------------------------|--------|
|   | 2018                         | 2017   |
|   | \$                           | \$     |
| <b>Non-cash investing and financing activities:</b> |                              |        |
| Share issue cost – issuance of warrants to agents   | 5,181                        | -      |
| Warrants exercised                                  | -                            | 60,108 |

### 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, accounts receivable, exploration liabilities, and accounts payable and accrued liabilities. The recorded amounts for cash, amounts receivable, exploration liabilities, 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.

## **Blue Sky Uranium Corp.**

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2018 and 2017

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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. The sensitivity of the Company's net earnings and other comprehensive income to changes in the exchange rate between the Canadian dollar and the United States dollar, and between the Canadian dollar and the Argentinean peso as of March 31, 2018 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 \$15,000.

##### **(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 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 three months ended March 31, 2018.