

---

# **Blue Sky Uranium Corp.**

## **CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

FOR THE NINE MONTHS ENDED  
SEPTEMBER 30, 2015 AND 2014

*(Unaudited - Expressed in Canadian Dollars)*

---

**NOTICE OF NO AUDITOR REVIEW OF  
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

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

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

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

	Note	September 30, 2015 \$	December 31, 2014 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash		13,670	53,751
Amounts receivable		10,107	4,116
Prepaid expenses		4,342	8,180
<b>Total current assets</b>		28,119	66,047
<b>Non-current assets</b>			
Mineral property interests	3	32,702	32,702
<b>Total non-current assets</b>		32,702	32,702
<b>Total Assets</b>			
		60,821	98,749
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	6	389,143	284,183
Exploration liabilities		44,855	44,855
Interest payable	4, 6	30,603	8,985
Loans payable	4, 6	261,500	218,000
<b>Total Liabilities</b>		726,101	556,023
<b>(DEFICIT) EQUITY</b>			
Share capital	5	19,137,576	19,137,576
Reserves	5	4,076,680	4,076,680
Deficit		(23,879,536)	(23,671,530)
<b>Total (Deficit) Equity</b>		(665,280)	(457,274)
<b>Total (Deficit) Equity and Liabilities</b>			
		60,821	98,749

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

**COMMITMENT (Note 9)**

**SUBSEQUENT EVENT (Note 12)**

These condensed consolidated interim financial statements are authorized for issue by the Board of Directors on November 30, 2015. They are signed on the Company's behalf by:

"Nikolaos Cacos" , Director

"David Terry" , Director

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

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

	Note	Three months ended		Nine months ended	
		September 30,		September 30,	
		2015	2014	2015	2014
		\$	\$	\$	\$
<b>Expenses</b>					
Accounting and audit		-	2,260	2,570	9,230
Depreciation		-	-	-	6,618
Corporate development and investor relations		813	20,290	5,418	71,357
Exploration	3	9,647	56,295	52,770	156,611
Exploration and other costs recovery		-	-	-	(70,273)
Foreign exchange (gain) loss		2,115	(8,184)	1,017	(6,546)
Management fees	6	-	-	-	80,700
Office and sundry	6	1,373	2,326	7,744	38,492
Professional fees	6	15,274	34,357	51,393	128,988
Rent, parking and storage	6	-	-	-	29,719
Salaries and employee benefits	6	15,000	32,500	45,000	157,050
Share-based compensation		-	-	-	8,583
Transfer agent and regulatory fees		777	1,207	11,854	17,865
Travel		-	5,329	-	5,329
<b>Loss from operating activities</b>		<b>44,999</b>	<b>146,380</b>	<b>177,766</b>	<b>633,723</b>
Finance expenses	4, 6	2,700	35,600	8,700	35,600
Interest expense	4, 6	7,541	3,430	21,618	3,430
Interest income		(30)	(40)	(78)	(209)
Write-off of mineral property interests	3	-	-	-	2,733,916
<b>Loss and comprehensive loss for the period</b>		<b>55,210</b>	<b>185,370</b>	<b>208,006</b>	<b>3,406,460</b>
<b>Basic and diluted loss per common share</b>	7	<b>0.02</b>	<b>0.05</b>	<b>0.06</b>	<b>1.10</b>

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

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

	Nine months ended	
	September 30,	
	2015	2014
	\$	\$
<b>Cash flows used in operating activities</b>		
Loss for the period	(208,006)	(3,406,460)
Depreciation	-	6,618
Finance expenses	8,700	35,600
Interest expense	21,618	3,430
Share-based compensation	-	8,583
Write-off of mineral property interests	-	2,733,916
	(177,688)	(618,313)
Change in non-cash working capital items:		
(Increase) decrease in amounts receivable	(5,991)	3,531
Decrease in prepaid expenses	3,838	65,351
Increase (decrease) in accounts payable and accrued liabilities	96,260	(305,343)
(Decrease) in exploration advances	-	(70,273)
Net cash used in operating activities	(83,581)	(925,047)
<b>Cash flows from financing activities</b>		
Loans received	43,500	178,000
Issuance of common shares and warrants	-	384,895
Share issue costs	-	(16,916)
Net cash from financing activities	43,500	545,979
<b>Net (decrease) in cash</b>	(40,081)	(379,068)
Cash at beginning of period	53,751	426,810
<b>Cash at end of period</b>	13,670	47,742

**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 Statements of Changes in (Deficit) Equity**  
(Unaudited - Expressed in Canadian Dollars)

	Share capital		Reserves					Total \$
	Number of Shares <sup>(1)</sup>	Amount \$	Contributed Surplus \$	Equity Settled Share-based Payments \$	Warrants \$	Accumulated Deficit \$		
<b>Balance at January 1, 2014</b>	2,687,699	18,927,627	3,187,408	422,514	299,941	(20,144,188)	2,693,302	
Private placements	749,000	241,805	-	-	143,090	-	384,895	
Share issue costs	-	(31,856)	-	-	-	-	(31,856)	
Agent's warrants granted	-	-	-	-	14,940	-	14,940	
Share-based compensation	-	-	-	8,583	-	-	8,583	
Stock options expired	-	-	30,060	(30,060)	-	-	-	
Warrants expired	-	-	242,721	-	(242,721)	-	-	
Agent's warrants expired	-	-	17,674	-	(17,674)	-	-	
Total comprehensive loss for the period	-	-	-	-	-	(3,406,460)	(3,406,460)	
<b>Balance at September 30, 2014</b>	3,436,699	19,137,576	3,477,863	401,037	197,576	(23,550,648)	(336,596)	
Share-based compensation	-	-	-	204	-	-	204	
Stock options expired	-	-	21,760	(21,760)	-	-	-	
Total comprehensive loss for the period	-	-	-	-	-	(120,882)	(120,882)	
<b>Balance at December 31, 2014</b>	3,436,699	19,137,576	3,499,623	379,481	197,576	(23,671,530)	(457,274)	
Stock options expired	-	-	53,507	(53,507)	-	-	-	
Total comprehensive loss for the period	-	-	-	-	-	(208,006)	(208,006)	
<b>Balance at September 30, 2015</b>	3,436,699	19,137,576	3,553,130	325,974	197,576	(23,879,536)	(665,280)	

<sup>(1)</sup> On December 3, 2014, the Company received approval by the TSX Venture Exchange and the Company's shareholders for the consolidation of the Company's issued and outstanding common shares on the basis of ten (10) pre-consolidation shares for one (1) post-consolidation share. Comparative periods have been retrospectively restated.

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 nine months ended September 30, 2015 and 2014

*(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 411 – 837 West Hastings Street, Vancouver, BC, Canada V6C 3N6.

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

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

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to 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 \$23,879,536 and deficit of \$665,280 at September 30, 2015. In addition, the Company had a working capital deficiency of \$697,982 at September 30, 2015. Working capital is defined as current assets less current liabilities and provides a measure of the Company's ability to settle liabilities that are due within one year with assets that are also expected to be converted into cash within one year. These recurring losses and the Company's working capital deficiency create material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern. The Company's continued operations, as intended, are dependent upon its ability to raise additional funding to meet its obligations and commitments and to attain profitable operations. Management's plan in this regard is to raise equity financing as required. There are no assurances that the Company will be successful in achieving these goals. These 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.

### **2. SIGNIFICANT ACCOUNTING POLICIES**

#### *Statement of compliance*

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

## Blue Sky Uranium Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the nine months ended September 30, 2015 and 2014

*(Expressed in Canadian Dollars Unless Otherwise Noted)*

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

These interim condensed consolidated financial statements do not include all the information and note disclosures required by IFRS for annual financial statements and should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2014, which have been prepared in accordance with IFRS, as issued by the International Accounting Standards Board (“IASB”) and included in Part 1 of the Handbook of the Chartered Professional Accountants of Canada.

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

These interim condensed consolidated financial statements were approved by the Board of Directors of the Company on November 30, 2015.

#### *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 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 BVI Uranium Corp.	British Virgin Islands	Holding company
Minera Cielo Azul S.A. (Argentina)	Argentina	Exploration company
Desarrollo de Inversiones S.A. (Argentina)	Argentina	Exploration company
Viento de Oro S.A. de C.V. (Mexico)	Mexico	Exploration company

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

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

#### *Significant Accounting Estimates and Judgments*

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

## **Blue Sky Uranium Corp.**

Notes to the Condensed Consolidated Interim Financial Statements

For the nine months ended September 30, 2015 and 2014

*(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*

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

#### *Critical accounting judgments*

- i. Presentation of the condensed consolidated interim financial statements which assumes that the Company will continue in operation for the foreseeable future, obtain additional financing as required, and will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due.
- ii. The determination of categories of financial assets and financial liabilities has been identified as an accounting policy which involves judgments or assessments made by management.
- iii. The analysis of the functional currency for each entity of the Company. In concluding that the Canadian dollar is the functional currency of the parent and its subsidiary companies, management considered the currency that mainly influences the cost of providing goods and services in each jurisdiction in which the Company operates. As no single currency was clearly dominant the Company also considered secondary indicators including the currency in which funds from financing activities are denominated and the currency in which funds are retained.
- iv. Management is required to assess impairment in respect to the Company's intangible mineral property interests. The triggering events are defined in IFRS 6. In making the assessment, management is required to make judgments on the status of each project and the future plans towards finding commercial reserves.

## Blue Sky Uranium Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the nine months ended September 30, 2015 and 2014

(Expressed in Canadian Dollars Unless Otherwise Noted)

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### *New Accounting Standards and Interpretations*

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

#### IFRS 9 – Financial Instruments

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

#### IFRS 15 – Revenue from Contracts with Customers

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

### 3. MINERAL PROPERTY INTERESTS

The schedules below summarize the acquisition costs and all exploration expenditures incurred to date for each mineral property interest that the Company is continuing to explore as at September 30, 2015:

#### Acquisition Costs

	Argentina	
	Sierra Colonia \$	Total \$
Balance – December 31, 2014	32,702	32,702
Land payments and staking fees	-	-
Balance – September 30, 2015	32,702	32,702

## Blue Sky Uranium Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the nine months ended September 30, 2015 and 2014

(Expressed in Canadian Dollars Unless Otherwise Noted)

### 3. MINERAL PROPERTY INTERESTS (continued)

#### Exploration Expenditures

	Argentina				Total \$
	Santa Barbara \$	Anit \$	Ivana \$	Sierra Colonia \$	
Cumulative exploration costs – December 31, 2014	964,017	3,662,898	3,287,034	850,571	8,764,520
Expenditures during the period:					
Office	-	-	183	11,647	11,830
Property maintenance payments	173	614	7,906	4,829	13,522
Salaries and contractors	-	-	562	19,283	19,845
Statutory taxes	29	103	1,450	5,991	7,573
	202	717	10,101	41,750	52,770
Cumulative exploration costs – September 30, 2015	964,219	3,663,615	3,297,135	892,321	8,817,290

The schedules below summarize the exploration expenditures incurred to date for each mineral property interest that the Company was continuing to explore as at September 30, 2014:

#### Exploration Expenditures

	Argentina					Total \$
	Santa Barbara \$	Anit \$	Ivana \$	Sierra Colonia \$	Other \$	
Cumulative exploration costs – December 31, 2013	959,333	3,644,091	3,152,134	834,512	626,962	9,217,032
Expenditures during the period:						
Office	-	-	7,533	192	15,847	23,572
Property maintenance payments	3,570	15,103	7,840	-	-	26,513
Salaries and contractors	-	-	79,749	-	1,752	81,501
Supplies and equipment	-	-	1,979	-	604	2,583
Transportation	-	-	2,813	-	-	2,813
Statutory taxes	512	2,164	14,318	27	2,608	19,629
	4,082	17,267	114,232	219	20,811	156,611
Cumulative exploration costs – September 30, 2014	963,415	3,661,358	3,266,366	834,731	647,773	9,373,643

## Blue Sky Uranium Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the nine months ended September 30, 2015 and 2014

(Expressed in Canadian Dollars Unless Otherwise Noted)

### 4. LOANS PAYABLE

At September 30, 2015, the Company has the following loans payable:

	September 30, 2015		
	Maturity	Currency	Amount
Unsecured, 12% annual interest rate	On demand	Canadian dollar	\$140,000
Unsecured, 12% annual interest rate	On demand	Canadian dollar	\$38,000
Unsecured, 12% annual interest rate	December 18, 2015	Canadian dollar	\$40,000
Unsecured, 12% annual interest rate	March 10, 2016	Canadian dollar	\$30,000
Unsecured, 12% annual interest rate	September 21, 2016	Canadian dollar	\$13,500
			<u>\$261,500</u>

At December 31, 2014, the Company has the following loans payable:

	December 31, 2014		
	Maturity	Currency	Amount
Unsecured, 12% annual interest rate	July 21, 2015	Canadian dollar	\$140,000
Unsecured, 12% annual interest rate	September 17, 2015	Canadian dollar	\$38,000
Unsecured, 12% annual interest rate	December 18, 2015	Canadian dollar	\$40,000
			<u>\$218,000</u>

*\$140,000 Unsecured, 12% annual interest rate*

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

*\$38,000 Unsecured, 12% annual interest rate*

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

## **Blue Sky Uranium Corp.**

Notes to the Condensed Consolidated Interim Financial Statements

For the nine months ended September 30, 2015 and 2014

*(Expressed in Canadian Dollars Unless Otherwise Noted)*

### **4. LOANS PAYABLE (continued)**

*\$40,000 Unsecured, 12% annual interest rate*

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

*\$30,000 Unsecured, 12% annual interest rate*

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

*\$13,500 Unsecured, 12% annual interest rate*

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

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

### **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.

## Blue Sky Uranium Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the nine months ended September 30, 2015 and 2014

(Expressed in Canadian Dollars Unless Otherwise Noted)

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

#### Share Purchase Option Compensation Plan

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

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

The continuity of share purchase options for the nine months ended September 30, 2015 is as follows:

Expiry date	Exercise Price	December 31, 2014	Granted	Exercised	Expired/ Forfeited	September 30, 2015	Options Exercisable
March 4, 2015	\$5.15	3,886	-	-	(3,886)	-	-
March 15, 2015	\$73.00	1,000	-	-	(1,000)	-	-
October 5, 2015	\$26.00	7,250	-	-	-	7,250	7,250
December 10, 2015	\$11.58	2,526	-	-	-	2,526	2,526
January 23, 2016	\$1.00	30,000	-	-	-	30,000	30,000
March 2, 2016	\$10.81	6,413	-	-	-	6,413	6,413
May 31, 2016	\$22.00	6,000	-	-	-	6,000	6,000
September 25, 2016	\$10.00	2,000	-	-	-	2,000	2,000
September 24, 2017	\$1.20	93,500	-	-	-	93,500	93,500
		152,575	-	-	(4,886)	147,689	147,689
Weighted average exercise price (\$)		4.42	-	-	19.04	3.94	3.94
Weighted average contractual remaining life (years)		2.1	-	-	-	1.4	1.4

## Blue Sky Uranium Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the nine months ended September 30, 2015 and 2014

(Expressed in Canadian Dollars Unless Otherwise Noted)

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

The continuity of share purchase options for the nine months ended September 30, 2014 is as follows:

Expiry date	Exercise Price	December 31, 2013 <sup>(1)</sup>	Granted	Exercised	Expired/ Forfeited	September 30, 2014	Options Exercisable
May 6, 2014	\$15.00	3,250	-	-	(3,250)	-	-
December 9, 2014	\$65.00	585	-	-	-	585	585
March 4, 2015	\$5.15	3,886	-	-	-	3,886	3,886
March 15, 2015	\$73.00	1,000	-	-	-	1,000	1,000
October 5, 2015	\$26.00	7,250	-	-	-	7,250	7,250
December 10, 2015	\$11.58	2,526	-	-	-	2,526	2,526
January 23, 2016	\$1.00	-	30,000	-	-	30,000	22,500
March 2, 2016	\$10.81	6,413	-	-	-	6,413	6,413
May 31, 2016	\$22.00	6,000	-	-	-	6,000	6,000
September 25, 2016	\$10.00	2,000	-	-	-	2,000	2,000
September 24, 2017	\$1.20	93,500	-	-	-	93,500	93,500
		126,410	30,000	-	(3,250)	153,160	145,660
Weighted average exercise price (\$)		5.78	1.00	-	15.00	4.65	4.84
Weighted average contractual remaining life (years)		3.2	1.3	-	-	2.3	2.3

<sup>(1)</sup> On December 3, 2014, the Company received approval by the TSX Venture Exchange and the Company's shareholders for the consolidation of the Company's issued and outstanding common shares on the basis of ten (10) pre-consolidation shares for one (1) post-consolidation share. Comparative periods have been retrospectively restated.

The weighted average fair value of share purchase options granted during the nine months ended September 30, 2015 is \$Nil (2013 - \$0.05). 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:

	Nine months ended September 30,	
	2015	2014
Risk-free interest rate	-	0.98%
Expected option life in years	-	2.00
Expected share price volatility	-	148.36%
Grant date share price	-	\$0.075
Expected forfeiture rate	-	-
Expected dividend yield	Nil	Nil

## Blue Sky Uranium Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the nine months ended September 30, 2015 and 2014

(Expressed in Canadian Dollars Unless Otherwise Noted)

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

#### Warrants

The continuity of warrants for the nine months ended September 30, 2015 is as follows:

Expiry date	Exercise Price	December 31, 2014	Granted	Exercised	Expired	September 30, 2015
December 19, 2015	\$1.00	230,000	-	-	-	230,000
January 28, 2016	\$1.00	211,788	-	-	-	211,788
March 3, 2016	\$1.00	353,480	-	-	-	353,480
April 13, 2016	\$1.00	151,100	-	-	-	151,100
April 24, 2016	\$1.00	64,800	-	-	-	64,800
		1,011,168	-	-	-	1,011,168
Weighted average exercise price (\$)		1.00	-	-	-	1.00

The continuity of warrants for the nine months ended September 30, 2014 is as follows:

Expiry date	Exercise Price	December 31, 2013 <sup>(1)</sup>	Granted	Exercised	Expired	September 30, 2014
March 4, 2014	\$1.50	68,150	-	-	(68,150)	-
August 16, 2014	\$1.50	313,000	-	-	(313,000)	-
August 28, 2014	\$1.50	142,800	-	-	(142,800)	-
September 12, 2014	\$1.50	234,600	-	-	(234,600)	-
December 19, 2015	\$1.00	230,000	-	-	-	230,000
January 28, 2016	\$1.00	-	211,788	-	-	211,788
March 3, 2016	\$1.00	-	353,480	-	-	353,480
April 13, 2016	\$1.00	-	151,100	-	-	151,100
April 24, 2016	\$1.00	-	64,800	-	-	64,800
		988,550	781,168	-	(758,550)	1,011,168
Weighted average exercise price (\$)		1.50	1.00	-	1.50	1.00

<sup>(1)</sup> On December 3, 2014, the Company received approval by the TSX Venture Exchange and the Company's shareholders for the consolidation of the Company's issued and outstanding common shares on the basis of ten (10) pre-consolidation shares for one (1) post-consolidation share. Comparative periods have been retrospectively restated.

### 6. RELATED PARTY BALANCES AND TRANSACTIONS

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

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

## Blue Sky Uranium Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the nine months ended September 30, 2015 and 2014

(Expressed in Canadian Dollars Unless Otherwise Noted)

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

#### *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, 2014 and was automatically renewed for a period of two years pursuant to the terms of the Agreement. The Agreement contains termination and early termination fees in the event the services are terminated by the Company. The termination fee includes three months of compensation and any contractual obligations that Grosso Group undertook for the Company, up to a maximum of \$750,000. The early termination fees are the aggregate of the termination fee in addition to the lesser of the monthly fees calculated to the end of the term and the monthly fees calculated for eighteen months, up to a maximum of \$1,000,000.

<b>Transactions</b>	Three months ended		Nine months ended	
	September 30,		September 30,	
	2015	2014	2015	2014
	\$	\$	\$	\$
Services rendered:				
Grosso Group Management Ltd.				
Management fees	-	-	-	80,700
Rent, parking and storage	-	-	-	29,700
Office & sundry	-	-	-	28,800
Total for services rendered	-	-	-	139,200

At September 30, 2015, the Company had \$50,500 (December 31, 2014 - \$50,500) included in accounts payable and accrued liabilities to Grosso Group.

#### *Mr. Joseph Grosso*

Grosso Group Management Ltd. is a private company of which Mr. Joseph Grosso is a director and officer.

Oxbow International Marketing Corp. (“Oxbow”) is a private company controlled by Mr. Joseph Grosso. For the three months ended September 30, 2015, Oxbow was paid \$12,500 (three months ended September 30, 2014 - \$12,500) for management consulting services. For the nine months ended September 30, 2015, Oxbow was paid \$37,500 (nine months ended September 30, 2014 - \$37,500) for management consulting services. Amounts paid to Oxbow are classified as professional fees in the consolidated statements of loss and comprehensive loss.

At September 30, 2015, the Company had \$77,575 (December 31, 2014 - \$35,220) included in accounts payable and accrued liabilities to Oxbow.

At September 30, 2015, the Company has \$83,500 (December 31, 2014 - \$40,000) included in loans payable, \$5,813 (December 31, 2014 - \$171) in interest payable and \$16,700 (December 31, 2014 - \$8,000) in finance expenses included in accounts payable and accrued liabilities to Mr. Joseph Grosso.

## Blue Sky Uranium Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the nine months ended September 30, 2015 and 2014

(Expressed in Canadian Dollars Unless Otherwise Noted)

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

#### *Mr. Nikolaos Cacos*

Cacos Consulting Ltd. (“Cacos Consulting”) is a private company controlled by Mr. Nikolaos Cacos, a director and officer of the Company. For the three months ended September 30, 2015, Cacos Consulting was paid \$15,000 (three months ended September 30, 2014 - \$15,000) for CEO services. For the nine months ended September 30, 2015, Cacos Consulting was paid \$45,000 (nine months ended September 30, 2014 - \$45,000) for CEO services. Amounts paid to Cacos Consulting are classified as salaries in the consolidated statements of loss and comprehensive loss.

At September 30, 2015, the Company had \$99,750 (December 31, 2014 - \$52,500) included in accounts payable and accrued liabilities to Cacos Consulting.

#### *Mr. Ron H. McMillan*

R.H. McMillan Ltd. (“R.H. McMillan”) is a private company controlled by Ron McMillan, a former director of the Company. For the three months ended September 30, 2015, R.H. McMillan was paid \$Nil (three months ended September 30, 2014 - \$4,000) for geological services. For the nine months ended September 30, 2015, R.H. McMillan was paid \$Nil (nine months ended September 30, 2014 - \$16,000) for geological services. Amounts paid to R.H. McMillan are classified as professional fees in the consolidated statements of loss and comprehensive loss.

At September 30, 2015, the Company had \$8,400 (December 31, 2014 - \$8,400) included in accounts payable and accrued liabilities to R.H. McMillan Ltd.

### Key management personnel compensation

During the three and nine months ended September 30, 2015 and 2014 the following amounts were incurred with respect to the Company’s executive officers, comprising the current Chief Executive Officer and President, Nikolaos Cacos, current Chief Financial Officer, Darren Urquhart, former President and Chief Executive Officer, Sean Hurd and former Chief Financial Officer, Michael Iannacone:

Compensation	Three months ended September 30, 2015			Three months ended September 30, 2014		
	Salaries \$	Other \$	Total \$	Salaries \$	Other \$	Total \$
Chief Executive Officer	15,000	-	15,000	5,000	27,500	32,500
Chief Financial Officer	-	-	-	-	-	-
Total	15,000	-	15,000	5,000	27,500	32,500

  

Compensation	Nine months ended September 30, 2015			Nine months ended September 30, 2014		
	Salaries \$	Other \$	Total \$	Salaries \$	Other \$	Total \$
Chief Executive Officer	45,000	-	45,000	57,500	27,500	85,000
Chief Financial Officer	-	-	-	8,000	-	8,000
Total	45,000	-	45,000	65,500	27,500	93,000

## Blue Sky Uranium Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the nine months ended September 30, 2015 and 2014

(Expressed in Canadian Dollars Unless Otherwise Noted)

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

At September 30, 2015, the Company had severance of \$27,500 (December 31, 2014 - \$27,500) included in accounts payable and accrued liabilities to Mr. Sean Hurd to be paid in cash or common shares of the Company.

### 7. BASIC AND DILUTED LOSS PER SHARE

The calculation of basic and diluted loss per share for the three and nine months ended September 30, 2015 and 2014 was based on the following:

	Three months ended September 30,		Nine months ended September 30,	
	2015	2014	2015	2014
Loss attributable to common shareholders (\$)	55,210	185,370	208,006	3,406,460
Weighted average number of common shares outstanding	3,436,699	3,436,699	3,436,699	3,111,902

Diluted loss per share did not include the effect of 147,689 (September 30, 2014 – 153,160) share purchase options and 1,011,168 (September 30, 2014 – 1,011,168) common share purchase warrants as they are anti-dilutive.

### 8. OPERATING SEGMENTS

The Company is primarily involved in mineral exploration activities in Argentina. The Company is in the exploration stage and, accordingly, has no reportable segment revenues or operating revenues for the nine months ended September 30, 2015 and 2014.

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

September 30, 2015		
	Argentina \$	Total \$
Mineral property interests	32,702	32,702
	32,702	32,702

  

December 31, 2014		
	Argentina \$	Total \$
Mineral property interests	32,702	32,702
	32,702	32,702

## Blue Sky Uranium Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the nine months ended September 30, 2015 and 2014

(Expressed in Canadian Dollars Unless Otherwise Noted)

### 9. COMMITMENT

#### *Management Service Agreement*

On April 1, 2010, the Company entered into an Agreement with 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 current monthly fee is \$Nil per month due to a significant curtailment in activity. This fee is reviewed and adjusted quarterly based on the level of services required.

### 10. SUPPLEMENTARY CASH FLOW INFORMATION

	Three months ended September 30,		Nine months ended September 30,	
	2015	2014	2015	2014
	\$	\$	\$	\$
Non-cash investing and financing activities				
Share issue costs – issuance of warrants to agent:	-	-	-	14,940

### 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, amounts receivable, exploration liabilities, accounts payable and accrued liabilities, interest payable and loans payable. The recorded amounts for cash, amounts receivable, exploration liabilities, loans payable, interest payable and accounts payable and accrued liabilities approximate their fair value due to their short-term nature.

## **Blue Sky Uranium Corp.**

Notes to the Condensed Consolidated Interim Financial Statements

For the nine months ended September 30, 2015 and 2014

*(Expressed in Canadian Dollars Unless Otherwise Noted)*

### **11. FINANCIAL INSTRUMENTS AND CAPITAL MANAGEMENT (continued)**

#### **(b) Financial Instrument Risk Exposure**

##### *Credit risk*

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

##### *Liquidity risk*

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due (Note 1). 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: US dollars and Argentinean pesos, all denominated in cash, amounts receivable and accounts payable. 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 September 30, 2015 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 \$114.
- A 10% change in the Argentinean peso exchange rate relative to the Canadian dollar would change the Company's net loss by \$16,670.

#### **(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.

### **12. SUBSEQUENT EVENT**

#### *Stock Options Expired*

- On October 5, 2015, 7,250 stock options expired with an exercise price of \$26.00.