BLUE SKY URANIUM CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE MONTHS ENDED MARCH 31, 2011 AND
THE THREE MONTHS ENDED MARCH 31, 2010

Background

This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the unaudited condensed interim consolidated financial statements of Blue Sky Uranium Corp. ("Blue Sky" or "the Company") for the three months ended March 31, 2011 and related notes thereto which have been prepared in accordance with International Financial Reporting Standards ("GAAP" or "IFRS"). Previously, the Company prepared its interim and annual consolidated financial statements in accordance with Canadian generally accepted accounting principles ("Canadian GAAP"). The Company's 2010 comparatives in this MD&A have been presented in accordance with IFRS. As the Company's IFRS transition date was January 1, 2010, 2009 comparative information included in this MD&A has not been restated. This MD&A contains "forward-looking statements" that are subject to risk factors set out in a cautionary note contained herein. All figures are in Canadian dollars unless otherwise noted. This MD&A has been prepared as of May 30, 2011.

Forward Looking Statements

Certain of the statements made and information contained herein is "forward-looking information" within the meaning of the Ontario Securities Act. Forward-looking statements are subject to a variety of risks and uncertainties which could cause actual events or results to differ from those reflected in the forward-looking statements, including, without limitation, risks and uncertainties relating to foreign currency fluctuations; risks inherent in mining including environmental hazards, industrial accidents, unusual or unexpected geological formations, risks associated with the estimation of mineral resources and reserves and the geology, grade and continuity of mineral deposits; the possibility that future exploration, development or mining results will not be consistent with the Company's expectations; the potential for and effects of labour disputes or other unanticipated difficulties with or shortages of labour; the inherent uncertainty of future production and cost estimates and the potential for unexpected costs and expenses, commodity price fluctuations; uncertain political and economic environments; changes in laws or policies, foreign taxation, delays or the inability to obtain necessary governmental permits; and other risks and uncertainties, including those described under Risk Factors Relating to the Company's Business in the Company's Prospectus that can be found on the SEDAR website and in each MD&A. Forward-looking information is, in addition, based on various assumptions including, without limitation, the expectations and beliefs of management, the assumed long term price of uranium; that the Company can access financing, appropriate equipment and sufficient labour and acquire all government permits and licenses to extract uranium. Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in forward-looking statements. Accordingly, readers are advised not to place undue reliance on forward-looking statements.

Company Overview

The Company was incorporated under the Business Corporations Act (British Columbia) on November 30, 2005 as Mulligan Capital Corp. On May 18, 2006, the Company received final receipts for a prospectus and became a reporting issuer in British Columbia and Alberta. On June 27, 2006 the Company completed its initial public offering (the "Offering") and on June 28, 2006 the Company listed its common shares on the TSX Venture Exchange (the "TSX-V") as a capital pool company. On February 7, 2007, the Company completed its qualifying transaction (the "QT") and was upgraded to Tier II status on the TSX-V. The Company also changed its name to Blue Sky Uranium Corp. to reflect its business as a junior uranium exploration company.

The Company is a junior mineral exploration company engaged in the business of acquiring, exploring and evaluating natural resource properties and either joint venturing or developing these properties further or disposing of them when the evaluation is completed. The Company's material mineral property interest is located in the Argentina. As of the date of this MD&A, the Company has not earned any production revenue, nor found any proven reserves on any of its properties.

Properties

Argentina

With the acquisition of Argentina Uranium in 2008, the Company gained control of a land package of more than 500,000 hectares in Argentina. The acquisition followed a review of Argentina Uranium's properties and a geophysical airborne survey of 3,000km^2 of claims in 2007. The survey identified highly anomalous zones of uranium mineralization in the Santa Barbara and Anit properties, both located in the Rio Negro Province of Argentina.

Exploration programs at the Santa Barbara and Anit projects revealed two types of uranium mineralization in a near-surface horizon of uranium in poorly consolidated upper Cretaceous sediments and underlying mineralization of the surficial calcrete type. The latter, in which the uranium occurs in gypsum and calcite-rich strata, resembles the 23.8 million pound Lake Maitland deposit in Australia being put into production by Mega Uranium Ltd. and to the 74 million pound Langer Heinrich deposit in Namibia.

In the third quarter of 2009 the Company entered into an agreement in principle with the Minister Responsible for State Companies in the Province of Rio Negro, Argentina. In the agreement, the Province of Rio Negro, commits to provide technical advice and put forth their best effort to facilitate the advancement and the development of mining projects implemented at the production stage. In order to promote proper development of mining activities in Rio Negro, the Province will jointly form with the Grosso Group Management Ltd. ("Grosso Group"), a mutually beneficial strategy for an association of public and private capital whose objective is the development of mining projects. This strategic alliance with the Government of Rio Negro demonstrates their commitment to working together with the Grosso Group and its member companies (of which the Company is a member). Likewise, the Grosso Group and its member companies are strongly committed to developing projects in the Province in conformity and in co-operation with local communities and the Government of Rio Negro.

Anit Property

The Anit Property lies to the south of, and is contiguous with, the Santa Barbara Property in the Province of Rio Negro, Argentina.

The 2007 airborne radiometric survey over the Anit project identified a 15 kilometre long and up to 1.5 kilometre wide uranium channel anomaly. The Company's technical team followed up the anomaly and immediately located several rock samples with visible uranium mineralization along a freshly graded gravel road that intersects a portion of the anomaly. The Anit project has had no prior exploration history and represents a brand new grassroots uranium discovery.

In 2008, five pits were hand-excavated within strong uranium-channel anomalies identified by the airborne r adiometric survey. Yellow uranium-vanadium mineralization was mostly concentrated in 10 to 20 cm layers exposed on the sides of the pits. In all cases uranium mineralization persisted at least to the depth of the hand-excavated pits, ranging in depth from one metre to four metres.

During the second and third quarters of 2009, the Company carried out a surface exploration program to follow up on the 2008 surface work. In total 123 pits were hand excavated and 588 samples were analyzed. For descriptive purposes, the 15 km long airborne uranium anomaly was subdivided into the West, Central and East zones. In the Western and Central zones a total of 109 pits were excavated of which 83 pits encountered mineralization. The average grade of the 280 samples taken from the 83 pits over the 6 kilometre strike length was 0.045% U_3O_8 (379 ppm U) and 475 ppm V with an average recorded mineralized interval of 1.7 meters from surface. This surface exploration defined a paleochannel/lake system that is mineralized over at least 6km of strike length. Of the 83 pits containing uranium-vanadium mineralization approximately 60% were open to depth, bottoming in mineralization.

In the fourth quarter of 2009 the Company carried out hand augering from the base of previously hand excavated pits on Anit to further test the vertical extent of mineralization. Auger holes were completed on 41 selected pits covering all areas of the Anit West and Central zones. Prior to this augering program average pit depth was 2.2m, with a maximum depth of 3.1m. In the auger program the average extension of sampling was 1.1m, to bring average depth to 3.3m for 41 pits, with a maximum depth of sampling of 6.5m. Of the 41 pits selected for augering, 29 had previously encountered mineralization greater than 1m at 0.005% (50 ppm) U. In 20 of these pits (34 samples) the mineralization was extended between 0.5 and 2.8m with average extension of 0.85m at 0.032 % U_3O_8 (270 ppm U) and 0.046% V. Of 12 pits with no previous mineralization, uranium mineralized material was encountered in the last sample of 3 auger extensions.

Augering from the base of Pit 225 (the highest-grade and thickest previously-reported mineralized interval with 3m averaging 0.849 % U_3O_8 (7200 ppm U) and 0.20% V) extended the mineralization a further 2.8m at an average grade of 0.033 % U_3O_8 (280 ppm U) and 0.04% V for a combined interval of 5.8m thickness averaging 0.436 % U_3O_8 (3700 ppm U) and 0.12% V.

The Company's exploration team completed a radon gas survey during the fourth quarter of 2009. Seven radon gas lines totaling 65km (5 x 10km, 1 x 8km and 1 x 7km), with radon detector cups spaced every 100m, and scintolometer cps recordings every 50m, were completed on the Anit 1 and 2 properties. Approximately 650 radon gas detection points were completed. Radon gas is produced by the decay of uranium minerals and can migrate through porous covering sediments. With a half life of 3.8 days, detection of anomalous radon gas is a strong indicator of uranium mineralization concealed beneath shallow cover, which cannot be detected by scintolometer surveys.

Of the 7 north-south radon lines completed, 3 lines crossed over and extended up to 7km on either side of the known east-west orientated Anit uranium-vanadium mineralized paleochannel. As expected, where the radon lines crossed the known mineralization, anomalous radon values of 6,000 to 8,000 picocuries per litre (Ci/L) were detected. The survey detected at least 9 other similar scale anomalies in new areas with values ranging between 5,000 to 9,000 pCi/L. Background values over the property are below 1,000 and typically 100 to 400 pCi/L. One of the most significant radon anomalies is contiguous to and extends 800m to the south of Anit West mineralization where 8 continuous radon samples have average values of 5,000 and maximum value 6,600 pCi/L. In this area recent hand auger drilling (described below) discovered buried uranium-vanadium mineralization.

Five pits (0.5 x 0.25 x 2m) were excavated measured and weighed for density calculations returning an average density 1,361 kg/m^3.

During the first quarter of 2010 the Company reported that geological mapping and prospecting identified new mineralized outcrops located 4km to 6km east and northeast of the Anit West-Central mineralized zone. A total of 45 rock (grab) samples were collected with results averaging 0.026% U_3O_8 and 0.057 % V_2O_5. The highest grade sample contained 0.373% U_3O_8 and 0.170 % V_2O_5. It is considered significant that most of these outcrops occur stratigraphically below the level of Anit West and Central mineralization, and some were uncovered beneath a thin calcrete cap that would have effectively blocked detection by airborne or ground scintolometer surveys. These new discoveries provide further evidence of the depth extent of uranium-vanadium mineralization at Anit and enhance the potential for further discovery of mineralization below cover.

Also during the first quarter of 2010 the Company announced results from a 1,223 meter mechanized trenching program on Anit. Highlights included an interval that averaged 358 meters at 0.052% U_3O_8 and 0.159% V_2O_5 including 30 meters at 0.397% U_3O_8 and 1.469% V_2O_5. The weighted average of mineralized intervals from all three trenches was 847 meters grading 0.043% U_3O_8 and 0.104% V_2O_5. The trenches were cut to a depth of approximately 2m and were designed to test the lateral extent and continuity of the mineralized paleo-channel previously defined by pits along a minimum of 6km of strike length, within a larger 15km long radiometric uranium channel anomaly. Trench 1 was located in the centre of the Anit West anomaly; Trench 3 was located in the centre of the Anit Central anomaly and Trench 2 was located in the break between these two major anomalies.

The three trenches cut variable host sediments, including loose sands and gravels, clay sediments and gypsum layers. All major rock types were mineralized, and at this stage it does not appear that the host sediment lithology is a limiting factor for uranium vanadium mineralization. Each trench was sampled by a continuous horizontal channel sample with 1 or 2 meter composite samples. The channel samples were 10cm wide and targeted the higher gamma responses on the trench walls along the trench. The vertical component of mineralization will be determined through drilling. The mineralized paleo-channel remains open to depth; uranium -- vanadium mineralization appears to be open in width in Trench 1 and Trench 3.

On March 25, 2010 the Company announced it had commenced a Phase I aircore drilling program planned to include approximately 200 drill holes for a total of 5000 meters to test 6 km of the known mineralized paleo-channel, defined by pits and trenching, as well as further targets in the 15 km long radiometric U anomaly, and radon gas and new geochemical targets outside the principal airborne anomalies.

During the second quarter of 2010, the Company announced on May 18, 2010 its initial results from aircore drilling. Of 51 holes reported 40 holes intersected mineralization above cut-off grade. The best intercept averaged 4 meters thickness at 0.108% U_3O_8 and 0.125% V_2O_5. The weighted average of intervals from all 40 mineralized drill holes was 2.73 meter thickness at 0.03% U3O8 and 0.096% V2O5 (see table 1 in press release dated May 18, 2010). On June 16, 2010 the Company announced further results from the aircore drilling program on Anit. Overall at Anit of 97 drill holes completed to date, 81 encountered mineralization above cut-off grade with weighted average of intervals from the mineralized holes of 2.6 meters thickness at 0.03% U3O8 and 0.075% V_2O_5. In addition, evidence of stacked mineralized intervals up to 29 meters below surface were detected at Anit Central. In the thickest intercept drilled to date, hole AN-85 averaged 10 meters at 0.036% U_3O_8 and 0.045% V_2O_5, including 6 meters at 0.056% U_3O_8 and 0.047% V_2O_5.

On July 7, 2010 the Company announced results of a review of the variation between pit and drill hole sampling results at Anit in addition to releasing the assay results from Trench 4 at Anit. The variability review suggests that the assay results from the drill program released to date may have under reported actual U_3O_8 grades. This preliminary analysis was based upon the assay results from pits dug over 25 drill holes that on average reported higher U_3O_8 grades compared with the grades from the correspondingly-located drill hole over the same 3 meter interval. These preliminary results have helped establish a new exploration protocol at Anit whereby drill-defined mineralization within 6 meters of surface will be verified with corresponding excavator sampling pits and trenches. Mineralization encountered below 6 meters will be checked using gamma probe logging of all holes,

Trench 4 at Anit cut a 91 meter interval of higher grade mineralization, between 89 meters and 180 meters within a 180 meter trench. The mineralization occurs over at least 2 meters vertical thickness beginning at 0.3 meters below surface and averaging 0.066% U_3O_8 and 0.071% V_2O_5. The interval included a high-grade zone of 33 meters grading 0.154% U_3O_8 and 0.105% V_2O_5.

On September 29, 2010 the Company announced complete results from Phase II aircore drilling at Anit totaling 2,581m in 107 holes. The Phase II program was designed to test for extensions of the Anit West and Central zones as well as to provide a preliminary evaluation of Anit East, radon gas anomalies and buried targets. This brings the total drilling to date on the Anit area to 5,044m in 204 holes. Highlights included Anit West hole AN174 that averaged 4m at 0.078% U3O8 and 0.107% V2O5, and Anit Central hole AN168 that averaged 7m at 0.037% U3O8 and 0.028% V2O5. This additional drilling in the main Anit area provided further definition to strongly mineralized and thicker portions of the mineralized paleochannel at Anit. Away from the main paleochannel large areas of lower grade, but potentially economic mineralization, have been discovered at Anit East as well as 200m north and 400m south of the Anit Central zone. Of 8 regional radon targets drilled 7 had no significant results, however, 1.65 km north of Anit hole AN124 cut 1m at 0.017% U3O8 and 0.080% V2O5 at 8-9m below cover.

On October 4, 2010 the Company announced it had completed a 22,214 line km regional airborne radiometric and magnetic survey in the prospective Rio Negro basin over areas with similar geology to the Anit and Santa Barbara prospects. Three large new uranium channel anomalies were identified by the airborne survey and Blue Sky has applied for 8 licenses, (71,765 hectares) to cover them. Global specialists APG Geophysics were contracted to fly the survey using a fixed wing aircraft carrying 3 large crystal detection packs. As part of the survey the Company flew infill flight lines over Blue Sky's Anit and Santa Barbara targets to provide back ground data for comparison purposes and to develop a validation process for analyzing and prioritizing new targets.

On January 20, 2011 Blue Sky reported results from a total of 310 excavator pits of up to 6m depth at Anit. A CAT 320 L Excavator completed pits along north-south lines spaced 400m apart, generally at 40m spacing at Anit Central and 200m by 40m at Anit West. The pits extend over the Anit West and Central Zones that were previously sampled by hand-dug pits, excavator trenches and aircore drillholes (See News Releases September 29, July 7 and June 16, 2010). The Company believes the excavator pit sampling technique collects a more representative sample from the poorly consolidated to unconsolidated host to the Anit mineralization than the previous sample collection methods. Loss of fine material through the cyclone and at the bit is believed to have resulted in loss of uranium in the aircore drilling sampling method while the hand pits and excavator trenches were limited to approximately 2m depth. Within the mineralized zone outlined to date by the current excavator pit program at Anit West and Central, including only pits with mineralization greater than 50 ppm Uranium over 1m, the average thickness of the mineralized layer is 1.97 meters with a weighted average grade of 0.04% * U3O8(337 ppm Uranium) and 594 ppm Vanadium.

On February 7, 2011 the Company announced that it had received a Sighter Metallurgical Testwork Report from Independent Metallurgical Operations Ltd (IMO) for the ANIT Uranium Project in Rio Negro Province, Argentina. This work demonstrates that most of the mineralized material from the ANIT can be significantly upgraded. The technique involves simple and inexpensive wet screening to remove coarse pebbles that contain little or no uranium mineralization producing low-mass high-grade concentrates. The results to date are preliminary and are based on seven select samples of the main uranium-mineralized lithologies at ANIT. The full metallurgical report is available to download on Blue Sky's web site.

During Q1 2011 in the Anit area field exploration teams continued prospecting airborne anomalies close to the known Anit mineralization.

Santa Barbara Property

The Santa Barbara property is located in the Province of Rio Negro, in the northern portion of the Patagonia region of Argentina.

The Santa Barbara property hosts Triassic-Jurassic igneous and volcaniclastic units that are overlain by sub-horizontal, Cretaceous continental sedimentary rocks. Tertiary basaltic flows partially cover the Mesozoic rocks. In general, the topography is flat with scarce and small hills interrupted by basalt plateaus. The region is semi-desert and it is characterized by sparse scrub vegetation. The uranium mineralization identified to date on the Santa Barbara property is hosted by flat lying continental fluvial Upper Cretaceous calcite-cemented conglomerate and sandstone interlayered between limonitic mudstones with high gypsum contents and is being interpreted as a calcrete paleochannel type uranium occurrence similar in style to known deposits in Namibia and Western Australia.

In 2007, the Company completed a phase I reconnaissance sampling and scintillometer surveying program on the Santa Barbara property, confirming information provided by Argentina Uranium. In the initial discovery area grab samples returned grades up to 13,400 ppm U. The 2007 airborne survey identified three northeast trending zones of uranium mineralization, approximately 11 km, 6.5km and 5km in length and varying up to 1 km in width.

The 2008 exploration program was carried out on the three radiometric anomalies identified in the 2007 airborne survey. The program included augur and conventional soil and rock sampling, scintilometer surveys, radon gas surveys and geological mapping. A horizon of bright-yellow mineralization occurring in a flat lying “sheet” was defined in the northwest sector of Santa Barbara and a new linear trend of mineralization located 2 km northwest of the known anomalies was identified. Radon survey data completed over the three anomalous zones of uranium correspond well to those of the airborne survey.

In the second and third quarter of 2009, the Company carried out surface exploration which also focused on the three parallel radiometric anomalies identified from the airborne survey, as well as an overall geological evaluation of the project In total, 90 shallow hand auger holes and pits were completed over a combined strike length of approximately 14km. From this broad scale sampling several mineralized zones were detected (maximum value of 727 ppm U from a 0.5m sample). Although many mineralized assays were received, thicknesses are generally 0.5m or 1.0m.

In Q1 2011 exploration consisting of auger sampling, ground radiometric surveys and detailed geological mapping was carried out at the Company's Santa Barbara project.

Other Properties

The Company announced on February 22, 2011 prospecting results from one of seven new exploration licenses that the Company has applied for in the San Jorge Basin, Rio Negro Province, Argentina. These licenses cover a new uranium discovery that was identified by a 22,000 square kilometer airborne radiometric survey completed in 2010. Highlights include 3 meters grading 0.068 % U_3O_8 in unconsolidated sediments beginning at surface and open to depth in a hand excavated pit within a newly discovered 40 km by 10 km enclosed basin.

All technical information pertaining to the Company’s Argentine properties described above has been prepared by Bruce Smith, AusIMM, the Company’s Exploration Manager and a Qualified Person as defined by National Instrument 43-101. Analysis of samples reported herein was performed by Alex Stewart Assayers, in Mendoza Argentina, an internationally recognized analytical services provider, by means of Inductively Coupled Plasma Mass Spectrometry following a four acid digestion (ICP-AR). The samples collected from the pits and auger were 0.5m samples. Blank, duplicate, and internal company standard samples were inserted into the sample sequence sent to the lab for quality assurance/quality control (QA/QC) purposes. The Company detected no significant QA/QC issues during review of the data. Note that 10,000 ppm = 1%, 1% U = 1.1792% U_3O_8 and 1% V = 1.785% V_2O_5.

Selected Annual Financial Information[1]

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

	Years Ended December 31,		
	2010 $	2009 $	2008 $
Total revenue	Nil	Nil	Nil
Net loss and comprehensive loss for the year	(5,589,262)[6]	(1,922,468)[2]	(3,608,892) [3]
Loss per share – basic and diluted	(0.09)	(0.03)	(0.14)
Total assets	5,191,928	4,308,734[4]	3,344,278[5]

(1) As the Company's IFRS transition date was January 1, 2010, 2009 and 2008 comparative information has not been restated and is presented in accordance with Canadian GAAP.
(2) includes $545,423 in stock based compensation and $635,363 in exploration expenses.
(3) includes $951,630 in write off of mineral properties and $1,296,853 in exploration expenses.
(4) increase is compared to 2008 is primarily due higher cash balances from issurance of common shares with gross proceeds of $2,402,179.
(5) increase in total assets compared to 2007 is due to additions of $1,998,905 to mineral properties in 2008.
(6) includes $668,332 in stock based compensation and $3,191,735 in exploration expenses.

Results Of Operations – For The Three Months Ended March 31, 2011 Compared To The Three Months Ended March 31, 2010

Expenses

During the three months ended March 31, 2011, expenses decreased by $105,673 to $900,250 compared to $1,005,923 for the three months ended March 31, 2010. The decrease in expenses is largely due to:

- A total decrease of $11,801 in salaries and management fees. Salaries and management fees were $142,872 for the three months ended March 31, 2011 compared to $154,673 for the three months ended March 31, 2010. This decrease is due to Management Services Agreement amendments by the Company during 2010 which are fully reflected in 2011. See 'Related Party Transactions' for more details of the transaction.

- A decrease of $17,551 in rent, parking and storage. Rent, parking and storage was $22,200 for the three months ended March 31, 2011 compared to $39,751 for the three months ended March 31, 2010. The Company was charged a lower amount for its approximate usage during the three months ended March 31, 2011 compared to a greater portion of Grosso Group's costs allocated to the Company in the three months ended March 31, 2010.

- A decrease of $20,689 in travel. Travel was $18,087 for the three months ended March 31, 2011 compared to $38,776 for the three months ended March 31, 2010. The decrease is due to travel in the three months ended March 31, 2011 associated with the initiation of the drilling program and a higher number of investor relation activities compared to the three months ended March 31, 2011.

- A decrease of $82,410 in stock-based compensation. Stock-based compensation was $Nil for the three months ended March 31, 2011 compared to $82,410 for the three months ended March 31, 2010. The decrease is due to no stock options being granted during the three months ended March 31, 2011compared to 175,000 in the three months ended March 31, 2010 and differing variables in the Black-Scholes option pricing model.

These decreases were partially offset by the following:

- An increase of $64,743 in corporate development and investor relations. Corporate development and investor relations were $117,416 for the three months ended March 31, 2011 compared to $52,673 for the three months ended March 31, 2010. The increase is due to a greater number of activities relating to promotion of the Company's projects and increased staff in the three months ended March 31, 2011 compared to the three months ended March 31, 2010.

The net loss for the three months ended March 31, 2011 was $900,250 or $0.01 per basic and diluted share compared to a net loss of $1,005,806 or $0.02 per basic and diluted share for the three months ended March 31, 2010.

Cash Flow

Operating Activities

Cash outflow from operating activities was $884,527 for the three months ended March 31, 2011 compared to $513,314 for the three months ended March 31, 2010. This increase was mainly attributable to changes in working capital balances.

Investing Activities

Cash outflow from investing activities was $18,353 during the three months ended March 31, 2011 due mostly to expenditures on mineral property interests compared to $7,343 for the three months ended March 31, 2010. More property payments were paid during the three months ended March 31, 2011 compared to the three months ended March 31, 2010.

Financing Activities

Proceeds from the exercise of warrants and options were $20,000 for the three months ended March 31, 2011 compared to $950,533 for the three months ended March 31, 2010.

Balance Sheet

At March 31, 2011, the Company had total assets of $4,265,949 compared with $5,191,928 in total assets at December 31, 2010. This decrease is primarily a result of a decrease in cash related to the Company's ongoing operational and administrative costs. Working capital at March 31, 2011 was $1,320,657 compared to working capital of $2,217,994 at December 31, 2010, as a result of ongoing exploration activities.

Selected Financial Data and Fourth Quarter Discussion[1]

	2011	2010				2009		
	Mar. 31 $	Dec. 31 $	Sep. 30 $	Jun. 30 $	Mar. 31 $	Dec. 31 $	Sep. 30 $	Jun. 30 $
Revenues	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Net Loss	(900,250)	(1,714,857)	(1,320,694)	(1,547,905)	(1,005,806)	(613,564)	(475,439)	(568,349)
Net Loss per Common Share Basic and Diluted	(0.01)	(0.02)	(0.02)	(0.02)	(0.02)	(0.01)	(0.01)	(0.01)

[1] As the Company's IFRS transition date was January 1, 2010, 2009 comparative information has not been restated and is presented in accordance with Canadian GAAP.

Liquidity and Capital Resources

The Company has experienced recurring operating losses and has accumulated an operating deficit of $15,088,445 at March 31, 2011 (December 31, 2010 - $14,188,195) and shareholders' equity of $4,101,397 at March 31, 2011 (December 31, 2010 – $4,981,647). In addition, the Company had working capital of $1,320,917 at March 31, 2011 (December 31, 2010 –$2,217,994). 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.

The Company presently does not have adequate resources to maintain its core activities for the next fiscal year or sufficient working capital to fund all its planned activities. The Company will continue to rely on successfully completing additional equity financing to maintain its core activities and further exploration of its existing and new properties in Argentina. There can be no assurance that the Company will be successful in obtaining the required financing. The failure to obtain such financing could result in the loss of the Company's interest in one or more of its mineral claims.

During the three months ended March 31, 2011:

- 200,000 options were exercised for proceeds of $20,000.

The Company does not know of any trends, demand, commitments, events or uncertainties that will result in, or that are reasonably likely to result in, its liquidity either materially increasing or decreasing at present or in the foreseeable future. Material increases or decreases in liquidity are substantially determined by the success or failure of the exploration programs. The Company does not have any loans or bank debt and there are no restrictions on the use of its cash resources.

Commitment

	1 Year $	2 Years $	3 Years $	4-5 Years $	More than 5 Years $
Management Services Agreement	720,000	540,000	-	-	-

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 initial fee based on expected usage is $60,000 per month. This fee is reviewed and adjusted quarterly based on the level of services required.

Capital Stock

At March 31, 2011, the Company had unlimited authorized common shares without par value. At March 31, 2011, an aggregate of 79,169,396 common shares were issued and outstanding. At May 30, 2011, 79,369,396 common shares were issued and outstanding.

	Share capital		Reserves				
	Number of shares	Amount $	Contributed Surplus $	Equity settled share-based payments $	Warrants $	Deficit $	Total $
Balance at January 1, 2010	52,435,426	10,231,995	817,462	851,303	808,526	(8,598,933)	4,110,353
Private placement	10,329,000	2,143,777	-	-	438,473	-	2,582,250
Share issue costs	-	(189,462)	-	-	-	-	(189,462)
Share-based compensation	-	-	-	668,332	-	-	668,332
Agent’s warrants granted	-	-	-	-	55,735	-	55,735
Warrants exercised	15,119,970	3,631,856	-	-	(438,155)	-	3,193,701
Stock options exercised	1,085,000	263,344	-	(113,344)	-	-	150,000
Warrants expired	-	-	9,464	-	(9,464)	-	-
Total comprehensive (loss) for the year	-	-	-	-	-	(5,589,262)	(5,589,262)
Balance at December 31, 2010	78,969,396	16,081,510	826,926	1,406,291	855,115	(14,188,195)	4,981,647
Stock options exercised	200,000	36,000	-	(16,000)	-	-	20,000
Total comprehensive (loss) for the period	-	-	-	-	-	(900,250)	(900,250)
Balance at March 31, 2011	79,169,396	16,117,510	826,926	1,390,291	855,115	(15,088,445)	4,101,397

The Company had the following warrants outstanding as at May 30, 2011:

Number of Warrants Outstanding	Exercise Price $	Expiry Date
5,754,796	0.30	November 6, 2011
5,698,810	0.35	August 27, 2012
5,998,460	0.25	November 8, 2012
17,452,066		

The following summarizes information about the stock options outstanding and exercisable as at May 30, 2011:

Number of Shares Outstanding and Exercisable	Exercise Price (CAD$)	Expiry Date
300,000	$0.10	June 28, 2011
75,000	$0.21	October 6, 2011
75,000	$0.66	February 10, 2012
215,000	$1.00	June 1, 2012
15,000	$0.40	January 25, 2013
1,465,000	$0.15	May 6, 2014
300,000	$0.15	July 6, 2014
75,000	$0.18	July 22, 2014
715,000	$0.65	December 9, 2014
100,000	$0.73	March 15, 2015
3,270,000	$0.26	October 5, 2015
75,000	$0.25	October 29, 2015
6,680,000		

Off-Balance Sheet Arrangements

The Company does not utilize off-balance sheet arrangements.

Related Party Transactions.

A number of key management personnel, or their related parties, hold positions in other entities that result in them have 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 favourable 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:

Transactions	Three months ended March 31 2011 $	 2010 $
Services rendered:		
Grosso Group Management Ltd. (a)	151,500	236,744
R.H. McMillan Ltd. (b)	17,709	12,179
Total for services rendered	169,209	248,923

(a) On March 31, 2010, the Company and Golden Arrow Resources Corp. ("Golden Arrow") collectively entered into a sale agreement with an officer and director of Golden Arrow to sell their shares held in Grosso Group Management Ltd., ("Grosso Group") for proceeds of $1. On April 1, 2010, the Company entered into a Management Services Agreement ("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 initial fee based on expected usage is $60,000 per month. This fee is reviewed and adjusted quarterly based on the level of services required. The Agreement expires on December 31, 2012. 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) R.H. McMillan Ltd. is a private company controlled by a director that provided geological services to the Company at market rates.

Key management personnel compensation

Compensation	Salaries	Share-based benefits	Three months ended March 31, 2011	Salaries	Share-based benefits	Three months ended March 31, 2010
Chief Executive Officer	30,000	-	30,000	30,000	-	30,000
Chief Financial Officer	13,088	-	13,088	-	51,814	51,814
Total	43,088	-	43,088	30,000	51,84	81,814

Subsequent Events

Subsequent to March 31, 2011:

On May 9, 2011, the Company completed a non-brokered private placement consisting of 5,800,500 units at a price of $0.18 per unit for gross proceeds of $1,044,090. Each unit consisted of one common share and one share purchase warrant. Each warrant entitles the holder thereof to purchase one additional common share in the capital of the company at a price of $0.25 per share for two years. Finders' fees were $35,633 of cash and 197,960 warrants that are exercisable at a price of $0.25 per share for an eighteen month period.

200,000 stock options were exercised for gross proceeds of $20,000.

Critical Accounting Estimates and Recent Accounting Pronouncements

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the condensed consolidated interim financial statements and the reported amount of revenues and expenses during the period. Actual results may differ from these estimates.

Reference should be made to the Company's significant accounting policies contained in Note 2 of the Company's condensed consolidated interim financial statements for the period ended March 31, 2011. These accounting policies can have a significant impact on the financial performance and financial position of the Company.

Conversion to International Financial Reporting Standards

The Canadian Accounting Standards Board ("AcSB") confirmed in February 2008 that International Financial Reporting Standards ("IFRS") will replace Canadian Generally Accepted Accounting Principles ("GAAP") for publicly accountable enterprises for financial periods beginning on or after January 1, 2011, with the option available to early adopt IFRS from periods beginning on or after January 1, 2009 upon receipt of approval from the Canadian securities regulatory authorities.

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34") using accounting policies consistent with IFRS as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

These are the Company's first IFRS condensed consolidated interim financial statements presented in accordance with IFRS. Previously the Company prepared its consolidated annual and consolidated interim financial statements in accordance with GAAP.

Transition to International Financial Reporting Standards

As stated in Note 2 of the condensed consolidated financial statements, these are the Company's first condensed consolidated interim financial statements for the period covered by the first annual consolidated financial statements prepared in accordance with IFRS.

The accounting policies in Note 2 have been applied as follows:

- in preparing the condensed consolidated interim financial statements for the three months ended March 31, 2011;
- the comparative information for the three months ended March 31, 2010;
- the statement of financial position as at December 31, 2010; and
- the preparation of an opening IFRS statement of financial position on the Transition Date, January 1, 2010.

In preparing the opening IFRS statement of financial position, comparative information for the three months ended March 31, 2010 and the financial statements for the year ended December 31, 2010, the Company has adjusted amounts reported previously in financial statements prepared in accordance with Canadian GAAP ("CAGAAP").

An explanation of how the transition from CAGAAP to IFRS has affected the Company's financial position, financial performance and cash flows is set out in Note 10 of the condensed consolidated interim financial statements.

The guidance for the first time adoption of IFRS is set out in IFRS 1. IFRS 1 provides for certain mandatory exceptions and optional exemptions for first-time adopters of IFRS. The Company did not make any elections with respect to IFRS optional exemptions.

Share-based Payment Transactions

The fair value of share purchase options granted is recognized as an employee or consultant expense with a corresponding increase in equity.

The fair value of share purchase options granted is determined by the Black-Scholes option pricing model using amounts that are believed to approximate the volatility of the trading price of the Company's stock, the expected lives of awards of share purchase options, the fair value of the Company's shares and the risk-free interest rate. For employees, the fair value of the options is measured at the date of the grant. For non-employees, the fair value of the options is measured on the earlier of the date at which the counterparty performance is complete or the date the performance commitment is reached or the date at which the equity instruments are granted if they are fully vested and non-forfeitable. The estimated fair value of awards of share purchase options is charged to expense over the vesting period, with offsetting amounts to equity settled share-based payments reserve. If the share purchase options are granted for past services, they are expensed immediately. If the share purchase options are forfeited prior to vesting, no amounts are charged to expense. If share purchase options are exercised then the fair value of the options is re-classed from equity settled share-based payments reserve to share capital.

At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share purchase options that are expected to vest.

Exploration, Evaluation and Development Expenditures

Exploration and evaluation expenditures are charged to the statement of comprehensive income as incurred, until the property reaches development stage. The development stage begins once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable. All direct costs related to the acquisition of resource property interests are capitalized. Development expenditures incurred subsequent to a development decision, and to increase or to extend the life of existing production, are capitalized and will be amortized on the unit-of-production method based upon estimated proven and probable reserves.

Mineral property acquisition costs include cash costs and the fair market value of common shares, based on the trading price of the shares issued for mineral property interests, pursuant to the terms of the related property agreements. Payments related to a property acquired under an option or joint venture agreement are made at the sole discretion of the Company, and are recorded as mineral property acquisition costs upon payment.

Restoration, Rehabilitation, and Environmental Obligations

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration or development of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, along with a corresponding liability as soon as the obligation to incur such costs arises. The timing of the actual rehabilitation expenditure is dependent on a number of factors such as the life and nature of the asset, the operating license conditions and, when applicable, the environment in which the mine operates.

Discount rates using a pre-tax rate that reflects the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either the unit-of-production or the straight line method. The corresponding liability is progressively increased as the effect of discounting unwinds creating an expense recognized in profit or loss.

Decommissioning costs are also adjusted for changes in estimates. Those adjustments are accounted for as a change in the corresponding capitalized cost, except where a reduction in costs is greater than the unamortized capitalized cost of the related assets, in which case the capitalized cost is reduced to nil and the remaining adjustment is recognized in profit or loss.

The operations of the Company have been, and may in the future be, affected from time to time in varying degree by changes in environmental regulations, including those for site restoration costs. Both the likelihood of new regulations and their overall effect upon the Company are not predictable.

The Company has no material restoration, rehabilitation and environmental obligations as the disturbance to date is immaterial.

Impairment

At the end of each reporting period the carrying amounts of the Company's assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

New Accounting Standards and Interpretations

The following new accounting standard, that is not required to be adopted for the March 31, 2011 reporting period, is assessed not to have any impact on the Company's financial statements:

IFRS 9, *Financial Instruments, Classification and Measurement*, effective January 1, 2013; and

At the financial position reporting date, the following accounting interpretation was in issue but not yet effective: IFRIC 19, Extinguishing Financial Liabilities with Equity Instruments. This interpretation is not expected to have any impact on the financial results of the Company.

The Company anticipates that the adoption of these standards and interpretations in future periods will have no material impact on the consolidated financial statements of the Company except for additional disclosure.

Financial Instruments

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

(a) Fair Values

The Company's financial instruments consist of cash, amounts receivables, deposits, and accounts payable and accrued liabilities. The fair value of these financial instruments approximates their carrying values due to the immediate or short-term maturity of these financial instruments.

The following table outlines the Company's financial assets and liabilities measured at fair value by level within the fair value hierarchy described below. Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

At March 31, 2011 the Company's financial instruments measured at fair value are as follows:

	Level 1 $	Level 2 $	Level 3 $	Total $
Assets				
Cash	1,328,754	-	-	1,328,754
Amounts receivable	39,187	-	-	39,187
Deposits	60,000	-	-	60,000
Liabilities				
Accounts payable and accrued liabilities	164,552	-	-	164,552

At March 31, 2010 the Company's financial instruments measured at fair value are as follows:

	Level 1 $	Level 2 $	Level 3 $	Total $
Assets				
Cash	2,211,634	-	-	2,211,634
Amounts receivable	39,541	-	-	39,541
Deposits	60,000	-	-	60,000
Liabilities				
Accounts payable and accrued liabilities	210,281	-	-	210,281

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 – Quoted prices in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3 – Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

(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, amounts receivable, and deposit. The Company has reduced its credit risk by depositing its cash with financial institutions that operate globally. Also, as the majority of its amounts receivables are with the government of Canada in the form of sales tax, the credit risk is minimal. Therefore, the Company is not exposed to significant credit risk and overall the Company's credit risk has not changed significantly from the prior year.

Liquidity risk

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

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 Argentine Pesos, all denominated in cash, amounts receivable and accounts payable. The sensitivity of the Company's net loss and comprehensive loss to changes in the exchange rate between the Canadian dollar and the United States dollar and Argentine Peso is summarized as follows:

- A 10% change in the US dollar exchange rate relative to the Canadian dollar would change the Company's net income by $6,557.

- A 10% change in the Argentinean peso exchange rate relative to the Canadian dollar would change the Company's net income by $1,514.

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

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The fair value of cash approximates its carrying values due to the immediate or short-term maturity of this financial instrument.

Other current financial assets and liabilities are not exposed to interest rate risk because they are non-interest bearing.

(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, contributed surplus 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 the project 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.

<u>Risk Factors and Uncertainties</u>

The Company's operations and results are subject to a number of different risks at any given time. These factors, include but are not limited to disclosure regarding exploration, additional financing, project delay, titles to properties, price fluctuations and share price volatility, operating hazards, insurable risks and limitations of insurance, management, foreign country and regulatory requirements, currency fluctuations and environmental regulations risks. Exploration for mineral resources involves a high degree of risk. The cost of conducting programs may be substantial and the likelihood of success is difficult to assess. A number of the risks and uncertainties are discussed below:

History of losses: The Company has historically incurred losses as evidenced by its audited consolidated financial statements for the years ended December 31, 2010 and 2009. The Company has financed its operations principally through the sale of its equity securities. The Company does not anticipate that it will earn any revenue from its operations until its properties are placed into production, if ever. If the Company is unable to place its properties into production, the Company may never realize revenues from operations, will continue to incur losses and you may lose the value of your investment.

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

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

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

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

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

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

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

Title Risk: Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

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

Financial Markets: The Company is dependent on the equity markets as its sole source of operating working capital and the Company's capital resources are largely determined by the strength of the junior resource markets and by the status of the Company's projects in relation to these markets, and its ability to compete for the investor support of its projects.

Political Risk: Exploration is presently carried out in the Argentina and is currently being reviewed worldwide. This exposes the Company to risks that may not otherwise be experienced if all operations were domestic. Political risks may adversely affect the Company's potential projects and operations. Real and perceived political risk in some countries may also affect the Company's ability to finance exploration programs and attract joint venture partners, and future mine development opportunities.

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

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

Interest Risk: The Company's bank accounts earn interest income at variable rates. The fair value of cash approximates their carrying values due to the immediate or short-term maturity of these financial instruments.

Currency Risk: Business is transacted by the Company in a number of currencies. Fluctuations in exchange rates may have a significant effect on the cash flows of the Company. Future changes in exchange rates could materially affect the Company's results in either a positive or negative direction.

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

Environmental Risk: The Company seeks to operate within environmental protection standards that meet or exceed existing requirements in the countries in which the Company operates. Present or future laws and regulations, however, may affect the Company's operations. Future environmental costs may increase due to changing requirements or costs associated with exploration and the developing, operating and closing of mines. Programs may also be delayed or prohibited in some areas. Although minimal at this time, site restoration costs are a component of exploration expenses.

Disclosure Controls and Procedures and Internal Control over Financial Reporting

On November 23, 2007, the British Columbia Securities Commission exempted Venture Issuers from the requirement to certify disclosure controls and procedures, as well as, Internal Controls over Financial Reporting as of December 31, 2007, and thereafter. The Company is a Venture Issuer; therefore it files the venture issuer basic certificates. The Company makes no assessment relating to establishment and maintenance of disclosure controls and procedures as defined under National Instrument 52-109 as at December 31, 2010.

Additional Information

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

The investor relations program is focusing on shareholder communications, corporate development and building the Company an active following of investment professionals in Canada, US and Europe. The Company also maintains a website at www.blueskyuranium.com.