BLUE SKY URANIUM CORP.

MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE THREE MONTHS ENDED MARCH 31, 2009

Background

The following management discussion and analysis of the financial position and results of operation is prepared as of May 26, 2009 and should be read in conjunction with the Company’s unaudited interim consolidated financial statements for the three months ended March 31, 2009 and the audited annual consolidated financial statements and related notes for the years ended December 31, 2008 and 2007. These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles (“Canadian GAAP”). Except as otherwise disclosed, all dollar figures included therein and in the following management discussion and analysis (“MD&A”) are quoted in Canadian dollars. Additional information relevant to the Company’s activities, can be found on SEDAR at www.sedar.com.

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.

Future Outlook

On July 7, 2008, the Company acquired all issued and outstanding common shares of Argentina Uranium Corp. (“AUC”), a private mining exploration company, for consideration of 8,295,000 common shares at a fair value of $0.29 per share, thereby gaining control of over 500,000 plus hectare uranium land package in Argentina. With this acquisition, the Company has become one of the largest uranium explorers in Argentina.

The Company plans to focus its efforts on its mineral interests in Argentina to define an economic ore body by way of low-cost surface programs. The Company is currently taking steps to reduce overhead in order to conserve its cash for its surface programs on its Argentinean properties.

Company Overview

The consolidated financial statements have been prepared on a going concern basis in accordance with Canadian generally accepted accounting principles (“Canadian GAAP”). The going concern basis of presentation assumes the Company will continue to operate for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business. The Company has incurred significant losses and negative cash flow from operations since inception. The Company has funded operations through equity financings and will likely require future equity financings in order to continue as a going concern. Management intends to fund the Company’s future cash requirements either through equity financings or the sale of assets. There can be no assurance that future financing can be successfully concluded. The current equity market conditions, the challenging funding environment and
the low price of the Company’s common shares make it dilutive and difficult to raise funds by the sale of the Company’s shares. These consolidated financial statements do not reflect adjustments to the carrying value of assets and liabilities, the reported income and expenses and balance sheet classifications used that would be necessary if the going concern assumption were not appropriate. Such adjustments could be material. Management has assessed and concluded that the Company has the ability to continue as a going concern for the next twelve months from the balance sheet date.

The Company was incorporated under the Business Corporations Act (British Columbia) on November 30, 2005 as Mulligan Capital Corp. The Company’s registered and head office is located at Suite 709, 837 West Hastings Street, Vancouver, British Columbia, V6C 3N6.

On May 18, 2006, the Company received final receipts for a prospectus and became a reporting issuer in the Provinces of British Columbia and Alberta. On June 27, 2006, the Company completed its initial public offering (the “Offering”) to raise $250,000 and on June 28, 2006, listed its common shares on the TSX Venture Exchange ("TSXV") as a capital pool company.

On August 21, 2006 and December 14, 2006, the Company and Eagle Plains Resources Ltd. (“Eagle Plains”) executed an option agreement (the “Eagle Lake Option Agreement”) whereby Eagle Plains granted an option to the Company to earn a 60% interest in Eagle Plains’ 100% owned Eagle Lake Property located 28 km southeast of Cameco’s Key Lake mining operation in north-central Saskatchewan, Canada. The Eagle Lake Option Agreement qualified as the Company’s qualifying transaction. On February 7, 2007, the Company’s listing was upgraded to Tier II status on the TSXV. The Company also changed its name to Blue Sky Uranium Corp. On February 14, 2007 the Company entered into an agreement with Eagle Plains to earn a 60% interest in the Karin Lake Property located adjacent to the Eagle Lake Property. On August 22, 2008, the Company terminated its option on the Eagle Lake Property and Karin Lake Property.

On February 27, 2008, the Company entered into a Letter of Agreement to acquire 100% of the shares of Argentina Uranium Corp., thereby gaining control of over a 500,000 plus hectare uranium land package in Argentina. With this acquisition, the Company intends to become one of the largest uranium explorers in Argentina. On July 7, 2008, the Company completed the acquisition of 100% of the shares of Argentina Uranium Corp by issuing 8.295 million shares at a fair price of $0.29 per share.

The Company has incorporated an Argentinean subsidiary Minera Cielo Azul S.A., Blue Sky Uranium (BVI) in the British Virgin Islands and Blue Sky (BVI) Uranium Corp. (Colombia). With the acquisition of Argentina Uranium Corporation the Company has an Argentinean subsidiary called Desarrollo de Inversiones S.A.

Properties

Argentina

On Feb, 27, 2008, the Company entered into a an agreement to acquire 100% of the shares of Argentina Uranium, thereby gaining control of over its 500,000 hectare uranium land package in Argentina. Argentina Uranium's land package has been assembled under the direction of Dr. Jorge Berizzo whose 22 years of experience in uranium exploration and production was obtained as a senior exploration geologist and later on as mine manager for the Argentinean National Atomic Energy Commission ("CNEA").

In April 2007 the Company announced it had signed an exclusive agreement with Argentina Uranium Corp. (“Argentina Uranium”) to review over 4,000 square kilometres of its prospective uranium properties in Argentina. The agreement granted the Company an exclusive right for 90 days to conduct due diligence and to acquire four of Argentina Uranium’s projects. The Company paid US $65,000 to Argentina Uranium for the exclusive right to acquire properties and subsequently an additional US$25,000 to extend the time period for this review.

In September 2007 the Company contracted with New Sense Geophysics Ltd. to perform a fixed wing airborne magnetic/spectrometer survey of 3,000 km² of the Argentina Uranium claims in northern Rio Negro province. This survey identified two highly anomalous zones of uranium mineralization which are referred to as the Santa Barbara and Anit areas. A detailed surface exploration program was developed to investigate these anomalous zones through surface sampling, spectrometer surveys, auguring and radon soil analysis. This program started in late December 2007.

On Feb, 27, 2008, the Company announced that it entered into an agreement to acquire 100% of the shares of Argentina Uranium Corp., thereby gaining control of over its 500,000 hectare uranium land package in Argentina.
Santa Barbara Property

Effective May 8, 2007 the Company entered into a letter of intent with Argentina Uranium Corp. (“Argentina Uranium”) to earn a 75% interest in the 60,000 hectare Santa Barbara uranium property in the Province of Rio Negro, located in the northern Patagonia region of Argentina. The Santa Barbara uranium project is a new discovery made by Dr. Jorge Berizzo.

As a result of the acquisition of Argentina Uranium, the Company owns 100% of the property and the terms of the May 8, 2007 letter of intent are no longer applicable.

The Santa Barbara uranium property hosts Triassic-Jurassic igneous and volcaniclastic units that are overlain by sub-horizontal, Cretaceous and Tertiary continental sedimentary rocks. Tertiary basaltic flows partially cover the sedimentary 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 or Tertiary calcite-cemented conglomerate and sandstone interlayered between limonitic mudstones with high gypsum contents.

The Company completed a phase I reconnaissance sampling and scintillometer surveying program on the Santa Barbara property. The program was designed to substantiate the information provided by Argentina Uranium and to delineate the continuity and extent of radiometric anomalies and mineralization in the area. Less than 10% of the property has been prospected and surveyed and 21 samples of consolidated and unconsolidated material were collected. Results are tabulated below.

<table>
<thead>
<tr>
<th>Sample</th>
<th>Description</th>
<th>U ppm</th>
<th>V ppm</th>
<th>P ppm</th>
<th>Th ppm</th>
<th>Counts per Second (cps)</th>
</tr>
</thead>
<tbody>
<tr>
<td>M1416</td>
<td>U.M.</td>
<td>55</td>
<td>112</td>
<td>379</td>
<td>4.8</td>
<td>300</td>
</tr>
<tr>
<td>M1417</td>
<td>U.M.</td>
<td>122</td>
<td>99</td>
<td>259</td>
<td>3.9</td>
<td>450</td>
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<tr>
<td>M1418</td>
<td>U.M.</td>
<td>87</td>
<td>164</td>
<td>322</td>
<td>4.9</td>
<td>250</td>
</tr>
<tr>
<td>M1420</td>
<td>U.M., Yellow U mineral</td>
<td>3,070</td>
<td>762</td>
<td>458</td>
<td>5.3</td>
<td>5,000</td>
</tr>
<tr>
<td>M1421</td>
<td>U.M.</td>
<td>164</td>
<td>149</td>
<td>371</td>
<td>5.1</td>
<td>400</td>
</tr>
<tr>
<td>M1422</td>
<td>U.M.</td>
<td>23</td>
<td>67</td>
<td>147</td>
<td>3.0</td>
<td>120</td>
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<tr>
<td>M1423</td>
<td>U.M.</td>
<td>22</td>
<td>81</td>
<td>497</td>
<td>4.0</td>
<td>200</td>
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<tr>
<td>M1424</td>
<td>U.M.</td>
<td>223</td>
<td>98</td>
<td>342</td>
<td>4.3</td>
<td>1000</td>
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<tr>
<td>M1425</td>
<td>U.M., Yellow U mineral</td>
<td>13,400</td>
<td>2884</td>
<td>289</td>
<td>5.3</td>
<td>&gt;10,000</td>
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<tr>
<td>M1426</td>
<td>U.M.</td>
<td>83</td>
<td>117</td>
<td>297</td>
<td>3.6</td>
<td>400</td>
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<tr>
<td>M1431</td>
<td>U.M., organic matter</td>
<td>159</td>
<td>842</td>
<td>234</td>
<td>5.8</td>
<td>250</td>
</tr>
<tr>
<td>M1432</td>
<td>U.M., Yellow U mineral</td>
<td>159</td>
<td>93</td>
<td>322</td>
<td>2.9</td>
<td>1,200</td>
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<tr>
<td>M1433</td>
<td>U.M., Yellow U mineral</td>
<td>1,279</td>
<td>315</td>
<td>341</td>
<td>1.6</td>
<td>5,000</td>
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<tr>
<td>M1434</td>
<td>U.M., Yellow U mineral</td>
<td>411</td>
<td>129</td>
<td>182</td>
<td>1.0</td>
<td>2,000</td>
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<tr>
<td>M1435</td>
<td>U.M., Yellow U mineral</td>
<td>130</td>
<td>104</td>
<td>427</td>
<td>2.5</td>
<td>450</td>
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<tr>
<td>M1436</td>
<td>U.M., Yellow U mineral and gypsum</td>
<td>1,059</td>
<td>349</td>
<td>352</td>
<td>3.0</td>
<td>8,000</td>
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<tr>
<td>M1419</td>
<td>Coarse sandstone fragments</td>
<td>33</td>
<td>46</td>
<td>277</td>
<td>6.2</td>
<td>60</td>
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<tr>
<td>M1427</td>
<td>Conglomerate</td>
<td>37</td>
<td>54</td>
<td>189</td>
<td>3.2</td>
<td>220</td>
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<tr>
<td>M1428</td>
<td>Conglomerate</td>
<td>21</td>
<td>15</td>
<td>243</td>
<td>2.7</td>
<td>260</td>
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<tr>
<td>M1429</td>
<td>Conglomerate</td>
<td>27</td>
<td>19</td>
<td>281</td>
<td>2.9</td>
<td>200</td>
</tr>
<tr>
<td>M1430</td>
<td>Sandstone and conglomerate</td>
<td>12</td>
<td>19</td>
<td>85</td>
<td>2.5</td>
<td>250</td>
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</tbody>
</table>

Results from the program confirm Argentina Uranium’s information. In the initial discovery area grab samples returned grades up to 13,400 ppm U. Also, preliminary prospecting traverses completed around the initial radiometric anomaly outlined a 1km long, continuous anomaly with readings >100 counts per second. Additional traverses identified 4 clusters of significant radiometric anomalies to the southwest up to 1 km away from the initial discovery. The new anomalies are located along a linear northeast-southwest trending belt (or structure) that has only been partially surveyed. Although the continuity between the four anomaly clusters has not been verified, they represent an 11km long trend open in both directions.

The airborne survey identified three northeast trending zones of uranium mineralization, each approximately 11 km, 6.5km and 5km in length and varying up to 1 km in width.
Chemical analysis of rock and soil samples were performed by SGS Del Peru S.A.C., an internationally recognized analytical service provider. The information above has been reviewed by Dr. Ron McMillan, P.Geo., a consultant to and director of the Company, and a "Qualified Person" as defined by National Instrument 43-101. Official title for the Santa Barbara exploration permits has not yet been granted. The Permit applications are shown on the tenure maps for the Province of Rio Negro and are expected to be officially granted upon completion of consultation with the owners of the relevant surface rights.

**Anit Property**

As a result of the ongoing property review of Argentina Uranium, the Company announced in January 2008 a letter of intent to earn a 75% interest in the 128,689 hectare "Anit" uranium property in the Province of Rio Negro, Argentina. In order to earn a 75% undivided interest in the Anit property the Company must complete CDN $2.0 million in exploration expenditures over 4 years. During year one there was a firm commitment to complete CDN $100,000 of exploration expenditures. After completing the expenditure commitments, the parties would form a 75/25 joint venture. As a result of the acquisition of Argentina Uranium, the Company owns 100% of the property and the terms of the Anit letter of intent are no longer applicable. Official title for the Anit exploration permits has not yet been granted. The permit applications are shown on the tenure maps for the Province of Rio Negro and are expected to be officially granted upon completion of consultation with the owners of the relevant surface rights.

The airborne radiometric survey over the Anit project identified a 15 kilometre long and up to 1.5 kilometre wide uranium anomaly. The Company's and Argentina Uranium's technical teams followed up to ground truth 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.

The eastern part of the Anit anomaly was detected while flying East-West, 1-kilometre spaced flight lines and the western part was defined by North-South lines flown a few days later. Airborne uranium gamma ray spectrometry results higher than 30 counts per second (CPS) delimit the Anit anomaly. A west-northwest trending anomaly with readings over 50 CPS and up to 138 CPS represents the core of the Anit anomaly. Thorium readings are homogeneous and low (23 CPS average) throughout the Anit anomaly. Regional geologic maps (1:250,000 scale) show early Cretaceous or Tertiary sandstone and conglomerate underlie the Anit anomaly. Late Tertiary and Quaternary gravel and sand deposits cover the older sedimentary rocks. Gamma ray spectrometry results and available geologic information are consistent with a "sandstone-hosted" or "calcrete" (surficial) environment.

The 2008 and 2009 exploration program on Santa Barbara and Anit properties have now started. The program includes overburden augur sampling to a depth of 3 to 5 metres, radon sail gas analyses, ground geophysics, geologic mapping, surface chip sampling from trenches and chemical analyses of augured and trench samples.

The information above has been reviewed by Dr. Ron McMillan, P.Geo., a consultant to and director of the Company, and a “Qualified Person”.

**Selected Financial Data and Fourth Quarter Discussion**

The following selected financial information is derived from the unaudited interim financial statements of the Company prepared in accordance with Canadian GAAP.

<table>
<thead>
<tr>
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<tbody>
<tr>
<td>Revenues</td>
<td>Nil</td>
<td>Nil</td>
<td>Nil</td>
</tr>
<tr>
<td>Net Loss per Common Share Basic and Diluted</td>
<td>(0.01)</td>
<td>(0.02)</td>
<td>(0.02)</td>
</tr>
</tbody>
</table>
For the three months ended March 31, 2009, the Company recorded a net loss of $265,116, a decrease in loss of $465,529 from the net loss of $730,645 in the three months ended March 31, 2008. The decrease in loss is primarily a result of:

(i) Corporate development and investor relations decreased by $99,987 to $9,328 in the 2009 period compared to $109,315 in the 2008 period mainly due to decreased costs associated with advertising and attendance at investor conferences.

(ii) Exploration expenses decreased by $220,242 to $91,885 in the 2009 period compared to $312,127 in the 2008 period as the Company has significantly reduced its operations in Argentina and its exploration is primarily on low-cost surface programs.

(iii) Salaries and employee benefits decreased to $99,243 in the 2009 period compared to $128,789 in the 2008 period as a result of decreased activities. Salaries include an allocation of fees from Grosso Group Management Ltd. (“Grosso Group”).

(iv) Travel and accommodation decreased by $29,650 to $8,195 in the 2009 period compared to $37,845 in the 2008 period as a result of a decreased number of visits to exploration projects, as well as less travel to investor and industry conferences.

During the three months ended March 31, 2009 the Company incurred exploration expenditures of $57,275 on Santa Barbara and $34,611 on Anit.

**Liquidity and Capital Resources**

The Company’s cash position at March 31, 2009 was $427,627 a decrease of $192,035 from the December 31, 2008 balance of $619,662. Total assets decreased to $3,899,618 at March 31, 2009 from $4,115,699 at December 31, 2008. This decrease is mainly due to the decrease in cash, which was used for operations during the period.

As of May 26, 2009 the Company had working capital of approximately $670,000. The Company does not consider that it has adequate resources to maintain its ongoing operations and current property commitments for the ensuing year and as a result will require additional financings. 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 the Americas. 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.

The Company has financed its operations through the sale of its equity securities. The Company has received $Nil from the exercise of warrants from January 1, 2009 to March 31, 2009 (2008 - $4,995). No options were exercised in the 2009 or 2008 periods.

Subsequent to March 31, 2009 the Company:

- Closed a non-brokered private placement consisting of 7,000,000 units at a price of $0.10 per unit for gross proceeds of $700,000. 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 $0.20 per share for 18 months. The securities are subject to a 4 month hold period. Finders’ fees of $37,100 were paid in cash.

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.

**Operating Cash Flow**

Cash outflow from operating activities was $192,035 for the year three months ending March 31, 2009 compared to cash outflow of $610,286 for 2008 due to decreased activities and a reduction in overhead expenses in the 2009 period.
Financing Activities

For the three months ended March 31, 2009 there were no financing activities. For the period ended March 31, 2008 the Company received $4,995 from the exercise of agent’s warrants. Share issue costs were incurred which relate to the private placement that was completed in the second quarter. Accordingly the share issue costs were deferred.

Investing Activities

For the three months ended March 31, 2009 there were no investing activities. For the three months ended March 31, 2008 the Company generated cash of $749,807 a result of a reduction to short-term investments, partially offset by expenditures on mineral property interests.

Related Party Transactions

Effective March 1, 2007 the Company engaged Grosso Group Management Ltd. ("Grosso Group") to provide services and facilities to the Company. The Grosso Group is a private company owned by the Company, IMA Exploration Inc. ("IMA") and Golden Arrow Resources Corporation ("Golden Arrow"), each of which owns one share. The Grosso Group provides its shareholder companies with geological, corporate development, administrative and management services. The shareholder companies pay monthly fees based upon a pro-rating of the Grosso Group’s costs including its staff and overhead costs among each shareholder company with regard to the mutually agreed average annual level of services provided to each shareholder company. The Grosso Group services contract also provides that, in the event the services are terminated by a member company, a termination payment would include three months of compensation and any contractual obligations that the Grosso Group undertook for the company, up to a maximum of $500,000. The Company has significant influence over the Grosso Group and therefore it has been accounted for using the equity method.

During the three months ended March 31, 2009, the Company incurred fees of $89,340 (2008 - $168,395) from the Grosso Group: $96,000 (2008 - $123,000) was paid in monthly installments and $6,660 is included in accounts receivable as a result of a review of the allocation of the Grosso Group costs to the member companies for the period (2008 - $45,395 is included in accounts payable). As at March 31, 2009, a $50,000 deposit to the Grosso Group is included in prepaid expenses.

During the three months ended March 31, 2009, the Company incurred $4,800 (2007 - $4,800) for geological consulting services, including travel expenses, provided by a private corporation owned by a director of the Company.

During the three months ended March 31, 2009, the Company incurred fees of $Nil (2008 - $8,470) for consulting and management services provided by a director of the Company.

Effective May 1, 2007, the Company entered into an agreement with IMA to pay a monthly fee for the services provided IMA’s Chief Executive Officer. For the three months ended March 31, 2009, the Company paid $Nil (2008 - $5,000) to IMA for the services. This agreement was terminated on June 30, 2008.

All of the related party transactions and balances in these consolidated financial statements arose in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Contractual Commitments

As of March 31, 2009, the Company had no commitments, other than the commitment with the Grosso Group discussed above in “Related Party Transactions”.

Critical Accounting Estimates and Recent Accounting Pronouncements

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

Reference should be made to the Company’s significant accounting policies contained in Note 3 of the Company’s
consolidated financial statements for the year ended December 31, 2008. These accounting policies can have a significant impact on the financial performance and financial position of the Company.

**Mineral Property Interests**

During the year ended December 31, 2008, the Company changed its accounting policy relating to mineral property exploration expenditures and it now expenses exploration expenditures when incurred. See Note 2 of the consolidated financial statements for the year ended December 31, 2008 for a description of the effects of the change.

When a property is placed in commercial production, acquisition costs will be depleted using the units-of-production method. Management periodically reviews the recoverability of the capitalized mineral properties. Management takes into consideration various information including, but not limited to, results of exploration activities conducted to date, estimated future metal prices, and reports and opinions of outside geologists, mine engineers and consultants. When it is determined that a project or property will be abandoned then the acquisition costs are written-off, or if its carrying value has been impaired, then the costs are written down to fair value.

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 relating 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.

The Company accounts for foreign value added taxes paid as part of general exploration. The recovery of these taxes will commence on the beginning of foreign commercial operations. Should these amounts be recovered they would be treated as a reduction in general exploration expense.

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.

**Recent Accounting Pronouncements**

**Goodwill and Intangible Assets**

CICA Handbook Section 3064, *Goodwill and Intangible Assets*, establishes revised standards for recognition, measurement, presentation and disclosure of goodwill and intangible assets. Concurrent with the introduction of this standard, the CICA withdrew EIC 27, Revenues and Expenses during the preoperating period. As a result of the withdrawal of EIC 27, companies will no longer be able to defer costs and revenues incurred prior to commercial production at new mine operations. On January 1, 2009, the Company adopted these changes, with no impact on its consolidated financial statements.

**International Financial Reporting Standards**

We have been monitoring the deliberations and progress being made by accounting standard setting bodies and securities regulators in Canada and United States with respect to their plans regarding convergence to International Financial Reporting Standards (“IFRS”):

- In February 2008, the Canadian Accounting Standards Board confirmed that publicly listed companies will be required to adopt IFRS for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. Early adoption may be permitted, however, exemptive relief requires approval of the Canadian Securities Administrators.

- In August 2008, the Securities and Exchange Commission of the United States announced that it would seek public comments on a proposed roadmap for the potential mandatory adoption of IFRS beginning in 2014 for large accelerated filers, accelerated filers in 2015 and then remaining public companies in 2016.

In preparation for the changeover from GAAP to IFRS, we commenced the planning process during the second quarter of 2009. Specific initiatives are underway and others have been planned for the transitioning from GAAP to IFRS. Current status of the project is as follows:
Resources
- We have retained the service of a major public accounting firm to provide technical and process management assistance for the project.
- We will continue to invest in training and resources to ensure a timely and effective conversion.

Process
- A diagnostic assessment of the key impact areas is currently underway.
- A detailed assessment of accounting and measurement differences between IFRS and Canadian GAAP on current accounting policies, as well as new policies anticipated to be implemented as we transition to a producer, is currently underway.
- Initial findings and observations from the work completed to date will serve as an input in establishing the key parameters to develop solutions during the design phase of the project.
- A high-level impact assessment of IFRS conversion on our IT systems and tax processes is underway.
- Our audit committee is monitoring our progress and is kept informed of issues identified.
- Our external auditor is advised of the progress status and issues identified.

We anticipate that there will be changes in accounting policies and these changes may materially impact our financial statements.

Financial Instruments
The Company's financial instruments as at March 31, 2009 consist of cash, amounts receivable and accounts payable and accrued liabilities. For discussion of the valuation of these financial instruments for financial reporting purposes, refer to the Critical Accounting Estimates and Recent Accounting Pronouncements section above.

Risk Factors
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 litigation, 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. For a more complete discussion of these risks and others, reference should be made to the December 31, 2008 Management Discussion and Analysis.

Disclosure Controls and Procedures and Internal Control over Financial Reporting
On November 23, 2007, the British Columbia Securities Commission in which the Company is registered exempted Venture Issuer from certifying disclosure controls and procedures, as well as, Internal Controls over Financial Reporting as of December 31, 2007, and thereafter. Since the Company is a Venture Issuer, it is now required to file basic certificates, which it has done for the year ended December 31, 2008. The Company makes no assessment relating to establishment and maintenance of disclosure controls and procedures as defined under Multilateral Instrument 52-109 as at March 31, 2009.

Investor Relations Activities
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.

Outstanding Share Data
The Company’s authorized share capital is an unlimited number of common and preferred shares without par value. As of March 31, 2009, there were 37,820,000 outstanding common shares and 1,635,000 stock options, which were outstanding and exercisable, with exercising prices ranging between $0.10 and $1.00. In addition, there were 9,822,425 warrants outstanding, with exercise prices ranging between $0.18 and $0.40.
As of May 26, 2009, there were outstanding 44,820,000 common shares, 1,635,000 stock options and 16,822,425 warrants or Agent’s Options.