BLUE SKY URANIUM CORP.
(formerly Mulligan Capital Corp.)

MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2006

Background

This discussion and analysis of financial position and results of operation is prepared as at April 10, 2007 and should be read in conjunction with the audited financial statements for the year ended December 31, 2006 of Blue Sky Uranium Corp. (the “Company”). Those 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.

Company Overview

The Company was incorporated under the Business Corporations Act (British Columbia) on November 30, 2005. The Company’s registered office is located at Suite 3350, 1055 Dunsmuir Street, Vancouver, British Columbia, V7X 1L2. The Company’s 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. Closing of the agreement is subject to final regulatory approval.

During March 2007, the Company completed a number of private placements to raise $3.3 million gross proceeds from the issuance of 3.3 million units at $1.00 per unit.

In April 2007, the Company entered into two option agreements to earn 100% interests in two uranium projects located in Colombia.

Properties

Eagle Lake Property

The Eagle Lake Property covers 8,165 hectares containing uranium mineralization discovered by Great Plains Development Company of Canada Ltd. (“Great Plains”) during the 1969 Athabasca Basin uranium rush. The 1969 work program was carried out under the supervision of R.W. Termuende, later a founding director of Eagle Plains.

Under terms of the Eagle Lake Option Agreement, the Company has paid $35,000 cash and is required to incur $5,000,000 in exploration expenditures by December 31, 2010 and issue a total of 1,000,000 common shares (200,000 shares issued) to Eagle Plains. A 1% royalty has been reserved for a third-party individual, and may be purchased at any time for $1,000,000.
In February 2007, the Company paid $73,800 to Eagle Plains to pay for its pro-rata shares of staking costs for an additional 26,000 hectares located contiguous to the Eagle Lake Property. These additional claims are situated in an area of mutual interest.


The Eagle Lake Property is located in north-central Saskatchewan, Canada, approximately 190 km north of La Ronge and 45 km southeast of Cameco’s Key Lake uranium mine. The Eagle Lake Property comprises three mineral claims that cover 8,165 hectares of ground over two historical uranium occurrences, which were discovered in the late 1960s. The Eagle Lake Property is underlain by rocks of the Proterozoic Wollaston Domain comprising ortho- and paragneisses, and minor intrusive bodies including abundant pegmatite bodies, and is being explored for its uranium potential based upon historical uranium occurrences, which were confirmed by sampling in 2006, that indicate the potential for identifying either intrusive (pegmatite) hosted and/or structurally-hosted uranium mineralization.

The Eagle Lake Property is located approximately 35 km southeast of the erosion edge of the Paleo- to Mesoproterozoic Athabasca basin, which is well known for its unconformity-related deposits that are the world’s largest storehouse of high-grade uranium resources (Jefferson, et al., in press). The majority of the uranium resources identified in the Athabasca basin are located near the eastern margin of the basin along a northeast trend from the Key Lake mine in the south to the Eagle Point Mine some 170 km to the northeast. This trend parallels the dominant fabric of the underlying Proterozoic Wollaston Domain rocks, which is an important factor related to the deposits comprising the east-Athabasca trend. Of particular importance is the presence of pelitic lower Wollaston Group rocks and associated uranium enriched pegmatites (Ye and Delaney, 2005). Also of importance on the deposit scale in the east Athabasca basin are structures (faults) within the underlying Wollaston Group basement rocks that were reactivated during mineralizing events and acted either as fluid conduits and/or as reducing sites due to the presence of graphite (Brisbin and Wheatley, 2006). These basement faults are often intimately related to ore and have the potential to host significant uranium resources such as in the Sue Pit at McClean Lake (Tourigny et al., 2005) and at the Key Lake Mine (Harvey and Bethune, 2005). Thus, although located outside of the Athabasca basin, the Eagle Lake Property is considered to have significant potential to host uranium mineralization based upon geological factors such as proximity to the east-Athabasca uranium trend, the presence of lower Wollaston Domain lithologies, including abundant pegmatites, and the presence of faults and/or shears (as indicated by recent airborne geophysical surveys).

Historical work conducted in the late 1960s and early 1970s resulted in the identification of two uranium occurrences on the Eagle Lake Property. Historical samples collected from the “Joe” boulder train, which comprise part of the southern uranium occurrence (SMDI 1012), yielded values of up to 0.566% U₃O₈. A limited amount of shallow small diameter drilling (winkie and AXT) was completed primarily targeting radon soil anomalies, however, no significant intersections were achieved. The northern occurrence (SMDI 1009) was discovered in 1970 and comprises four small trenches in feldspar-rich pegmatite that returned values of up to 0.113% U₃O₈ and a pre-trenching grab sample returned a result of 0.49% U₃O₈.

In the fall of 2006, the Company conducted a $170,000 exploration program on the Eagle Lake Property that comprised prospecting (rock sampling) and airborne geophysical surveying (magnetics and time domain electromagnetics), 858 line-km of airborne geophysical surveying (magnetics and electromagnetics) and 16 man-days were spent conducting prospecting (scintillometer assisted) resulting in the collection of 37 rock samples. The 2006 prospecting work re-examined the historical uranium occurrences located on the Eagle Lake Property with an emphasis on the “ToJo” occurrence (SMDI 1012) as well as other areas on the Eagle Lake Property. The most significant results include two samples of pegmatitic boulders at the “ToJo” occurrence (SMDI 1012) that returned uranium results of 0.401% and 0.248% U₃O₈ and a sample of pegmatite from a trench at the Kunk Lake occurrence to the north (SMDI 1009), which returned a uranium result of 0.055% U₃O₈. It should be noted that the laboratory that analyzed the 2006 rock samples reported uranium values in parts per million (ppm U) and the % U₃O₈ values were calculated in order to allow for direct comparison with other data using the relationship 1% U₃O₈ = 0.848% U (Jefferson, et al., in press).

Based upon the results achieved by prospecting and airborne geophysical surveying in 2006, in combination with the geological features described above, the Eagle Lake Property is considered to be a property of merit and warrants further work. The Eagle Lake Report recommends a phased approach for future exploration whereby the initial phase (Phase I exploration program) would comprise follow-up detailed fieldwork at and around the two known occurrences, including...
gridding (and line-cutting) and subsequent ground geophysical surveying (magnetics, electromagnetics and radiometrics). Mapping and sampling (rock and soil geochemistry) on the grids, as well as prospecting the remainder of the Eagle Lake Property, is recommended for a summer program. The recommended Phase I Fieldwork Program described above is estimated to require approximately five weeks to complete and an expenditure of approximately $300,000. In addition a Phase II Drill Program is also recommended for the Eagle Lake Property that would comprise approximately 1,200 metres of drilling in 8-10 holes (6-8 holes at the ToJo occurrence - SMDI 1012, and 2 holes at the Kunk Lake occurrence - SMDI 1009). The drill holes target magnetic, electromagnetic and radiometric airborne geophysical anomalies in proximity to uranium mineralization identified/confirmed by prospecting in 2006, the cost of which is estimated at approximately $625,000. Thus, the total recommended follow-up exploration program for the Eagle Lake Property is approximately $925,000. It should be noted that the Phase II Drill Program is not contingent upon the results of the Phase I Fieldwork Program and that the two programs have been separated simply to indicate that fieldwork should precede drilling as it is intended to provide information that will allow for the “fine tuning” of the currently proposed drill targets and will have the added benefit of potentially identifying others.

Karin Lake Property

On February 14, 2007, the Company entered into a letter of intent (the “Karin Lake LOI”) with Eagle Plains under which the Company proposes, subject to final regulatory approval, to acquire an option to earn a 60% interest in three mineral tenures covering approximately 35,000 hectares located adjacent to the Eagle Lake Property in north-central Saskatchewan. Under the terms of the Karin Lake LOI the Company must pay $107,795 cash and issue a total of 700,000 common shares and incur a total of $2.5 million in expenditures by December 31, 2011.

Historical assays from the Karin Lake Property area returned values up to 8.0% U3O8 (AR 74A14-0023). Uranium mineralization at the Karin Lake Property occurs both as a low-grade material in granitic pegmatites and associated granites, as well as higher-grade fracture controlled mineralization in pegmatites and metasediments.

Additional areas were targeted to cover known uranium and molybdenum showings, including a showing which comprises several trenches in a pegmatite stock containing disseminated and fracture-hosted uranium and molybdenum mineralization. Historical assays reported up to 0.226% U3O8 and 0.67% MoS2 (AR 74-A-11-NW-0026). A preliminary scintillometer survey conducted over the area this fall by Eagle Plains suggests good size potential. The Company intends to focus on exploration for basement-hosted uranium deposits in faults which are interpreted to have formed structural traps where uranium mineralization may have been preserved.

The Company has commissioned the preparation of a NI43-101 report for submission for final regulatory approval.

Colombian Properties

In April 2007, the Company has entered into two option agreements to acquire 100% interests in two uranium projects in Colombia - one project, covering 5,499 hectares, in the department of Santander and another project, covering 9,592 hectares, in the department of Norte de Santander.

Under the terms of the option agreements, the Company must make staged cash payments over four years totalling US $414,080 on each project, with US $20,000 due on each project in the first 12 months. No payments are due until the Company completes it due diligence on tenure. Each project is subject to a 3% Yellow Cake Royalty capped at US $1,100,000. During the term of the option agreements, the Company will be required to make all annual tax payments of approximately $115,000. There are no minimum work commitments. The Company is moving to establish an operating subsidiary in Colombia and work to initiate initial work programs on the properties.

The Santander property is underlain by the Jurassic Giron Formation and has potential for hosting sandstone-type uranium mineralization. The Norte de Santander property has potential for pegmatite-hosted mineralization and is underlain by Jurassic-Cretaceous granitic rocks which cut older gneisses.

Forward Looking Statements

Certain information included in this discussion may constitute forward-looking statements. Forward-looking statements are based on current expectations and entail various risks and uncertainties. These risks and uncertainties could cause or contribute to actual results that are materially different than those expressed or implied. The Company disclaims any
obligation or intention to update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise.

Selected Financial Data

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

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<tr>
<th>Operations:</th>
<th>Year Ended December 31, 2006 $</th>
<th>Period from November 30, 2005 to December 31, 2005 $</th>
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<tr>
<td>Revenues</td>
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<td>Expenses</td>
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<td>(6,293)</td>
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<td>Interest income</td>
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<td>Net income (loss)</td>
<td>(173,568)</td>
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<tr>
<td>Dividends per share</td>
<td>Nil</td>
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<th>Balance Sheet:</th>
<th>Year Ended December 31, 2006</th>
<th>Period from November 30, 2005 to December 31, 2005</th>
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<tbody>
<tr>
<td>Working capital</td>
<td>1,455,551</td>
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</tr>
<tr>
<td>Total assets</td>
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<tr>
<td>Total long-term liabilities</td>
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<td>Nil</td>
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The following selected financial information is derived from the unaudited interim financial statements of the Company prepared in accordance with Canadian GAAP.

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<tr>
<td>Revenues</td>
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<td>Net income (loss)</td>
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<td>Dividends per share</td>
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<tbody>
<tr>
<td>Working capital</td>
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<td>710,173</td>
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<tr>
<td>Total assets</td>
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<td>537,333</td>
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<tr>
<td>Total long-term liabilities</td>
<td>Nil</td>
<td>Nil</td>
<td>Nil</td>
<td>Nil</td>
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</table>

Results of Operations

The Company was incorporated on November 30, 2005. Accordingly the comparative figures are for the period from November 30, 2005 to December 31, 2005.

*Three Months Ended December 31, 2006 Compared to Period from November 30, 2005 to December 31, 2005*

During the three months ended December 31, 2006 (the “December 2006 Quarter”) the Company reported a net loss of $59,687, compared to a net loss of $6,293 for the period from November 30, 2005 to December 31, 2005, an increase in loss of $53,394. The increase is attributed to an overall increase in the Company’s general and administrative expenses in the December 2006 quarter.
During the 2006 fiscal year ("2006"), the Company incurred a loss of $173,568, compared to a loss of $6,293 reported for the comparative period from November 30, 2005, to December 31, 2005 ("2005").

The Company incurred total expenses of $194,185 during 2006. Specific expenses of note during 2006 are as follows:

- incurred $31,522 in legal fees for legal services regarding the Company’s submission on its qualifying transaction and general corporate legal services;
- incurred $18,350 accounting, administrative and professional services provided by Chase Management Ltd. ("Chase") a private corporation owned by Mr. Nick DeMare, a director of the Company and $12,000 for administrative and professional services provided by Grosso Group Management Ltd. (the “Grosso Group”). See “Transactions with Related Parties”;
- recorded non-cash stock-based compensation of $80,000 on the granting of 1,000,000 stock options;
- paid $9,195 (US $8,000) to a consultant for professional services rendered in connection with due diligence on identifying and reviewing prospective mineral properties in Colombia;
- incurred $11,830 for regulatory, filing and sponsorship waiver fees;
- incurred $5,916 for transfer agent fees; and
- incurred $14,399 for travel and related costs to Saskatchewan and Colombia reviewing prospective mineral property acquisitions.

During 2006, the Company completed a number of private placements and the Offering. As the Company is in the exploration stage of investigating, acquiring and evaluating its mineral property interests, it has no revenue. Interest income is generated from cash held with the Company’s financial institutions. During 2006, the Company recorded interest income of $20,617 generated from funds held on deposit.

During 2006, the Company raised a total of $1,608,677, net of $120,773 of share issue costs, from private placements and the Offering. During 2005, the Company received $199,404, net of $596 of share issue costs, on the sale of common shares.

During 2006, the Company spent $17,170 on the acquisition of field equipment and incurred $224,949 to fund staking, prospecting, airborne geophysical surveying and preparation of the Eagle Lake Report on the Eagle Lake Property.

Financial Condition / Capital Resources

Since inception, the Company’s capital resources have been limited to amounts raised from the sale of common shares in the Company. From inception to December 31, 2006, the Company raised a total of $1,923,000 gross proceeds from the sale of its common shares. As at December 31, 2006, the Company had working capital of $1,455,551. Subsequent to December 31, 2006, the Company completed private placements of common shares to raise a further $3.3 million. The Company believes that it currently has sufficient financial resources to undertake by itself all of its anticipated exploration activities and ongoing level of corporate activities for the ensuing year. Exploration activities may change however, due to ongoing results and recommendations or the Company may acquire additional mineral properties, which may entail significant funding or exploration commitments. In the event that the occasion arises, the Company may be required to obtain additional financing. The Company has relied solely on equity financing to raise the requisite financial resources. While it has been successful in the past, there can be no assurance that the Company will be successful in raising future financings should the need arise.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Proposed Transactions

There are no proposed transactions.

Critical Accounting Estimates

A detailed summary of all the Company’s significant accounting policies is included in Note 2 to the December 31, 2006 audited financial statements.
Changes in Accounting Policies

There are no changes in accounting principles adopted by the Company.

Transactions With Related Parties

During fiscal 2006, the Company incurred $18,350 (2005 - $nil) for accounting and administration services provided by a private corporation owned by a director of the Company.

Effective October 1, 2006, the Company engaged the Grosso Group to provide general administrative support and corporate development services to the Company, at a base rate of $4,000 per month. During fiscal 2006, the Company was billed a total of $12,000 by the Grosso Group. The Grosso Group is a private corporation which was incorporated to provide geological, corporate development, administrative and management services to the Company and other public companies which have certain common directors, officers and shareholders. The Grosso Group provides its services to its clients on a cost recovery basis. The Grosso Group is owned by its client companies, each of which owns one share.

These transactions are 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.

Risks and Uncertainties

The Company competes with other mining companies, some of which have greater financial resources and technical facilities, for the acquisition of mineral concessions, claims and other interests, as well as for the recruitment and retention of qualified employees.

The Company is in compliance with all material regulations applicable to its exploration activities. Existing and possible future environmental legislation, regulations and actions could cause additional expense, capital expenditures, restrictions and delays in the activities of the Company, the extent of which cannot be predicted. Before production can commence on any properties, the Company must obtain regulatory and environmental approvals. There is no assurance that such approvals can be obtained on a timely basis or at all. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability of operations.

Some of the Company’s mineral properties are located in Columbia and consequently the Company is subject to certain risks, including currency fluctuations and possible political or economic instability which may result in the impairment or loss of mining title or other mineral rights, and mineral exploration and mining activities may be affected in varying degrees by political stability and governmental regulations relating to the mining industry.

The Company’s financial performance is likely to be subject to the following risks:

(i) the Company has not commenced commercial operations, and has no assets other than cash, has no history of earnings and shall not generate earnings or pay dividends until at least after completion of the Qualifying Transaction;
(ii) until completion of a Qualifying Transaction, the Company is not permitted to carry on any business other than the identification and evaluation of potential Qualifying Transactions; and
(iii) even upon completion of the Offering, the Company will have only limited funds with which to identify and evaluate potential Qualifying Transactions and there can be no assurance that the Company will be able to identify or complete a suitable Qualifying Transaction.

Investor Relations Activities

During 2006, the Company did not have investor relations arrangements. On February 15, 2007, the Company entered into an agreement with Accent Marketing Ltd. (“Accent”) as its European investor relations representative. The investor relations program will focus on shareholder communications, corporate development and building the Company an active following of investment professionals in Europe. Accent will introduce the Company to European investment clubs, investment advisors, institutional investors, analysts and private investors. Accent, which is arm’s length to the Company, has been retained for an initial term of three months and, thereafter, on a month to month basis. Its
remuneration will be a monthly fee of Euros €3,000 per month plus a stock option package to purchase 50,000 shares. This agreement is subject to final regulatory approval.

**Outstanding Share Data**

The Company’s authorized share capital is unlimited common shares without par value and unlimited preferred shares without par value. As at April 10, 2007, there were 16,978,215 issued and outstanding common shares; 1,000,000 stock options outstanding at an exercise price of $0.10 per common share expiring on June 28, 2011; 144,785 agent’s warrants outstanding at an exercise price of $0.10 per common share expiring on June 28, 2008; 1,813,500 warrants outstanding at an exercise price of $1.30 per common share expiring on March 23, 2009; and 327,000 agent’s option outstanding at an exercise price of $1.00 per common share expiring on March 9, 2009.

**Disclosure Controls and Procedures**

Disclosure controls and procedures are designed to provide reasonable assurance that material information is gathered and reported to senior management, including the Chief Executive Officer and the Chief Financial Officer, as appropriate to permit timely decisions regarding public disclosure.

Management, including the Chief Executive Officer and the Chief Financial Officer, has evaluated the effectiveness of the design and operation of the Company’s disclosure controls and procedures. Based on this evaluation, the Chief Executive Officer and the Chief Financial Officer has concluded that the Company’s disclosure controls and procedures, as defined in Multilateral Instrument 52-109 - Certification of Disclosure in Issuer’s Annual and Interim Filings (“52-109”), are effective to ensure that the information required to be disclosed in reports that are filed or submitted under Canadian Securities legislation are recorded, processed, summarized and reported within the time period specified in those rules. In conducting the evaluation it has become apparent that management relies upon certain informal procedures and communication, and upon “hands-on” knowledge of senior management. Management intends to formalize certain of its procedures. Due to the small staff, however, the Company will continue to rely on an active Board and management with open lines of communication to maintain the effectiveness of the Company’s disclosure controls and procedures. Lapses in the disclosure controls and procedures could occur and/or mistakes could happen. Should such occur, the Company will take whatever steps necessary to minimize the consequences thereof.

**Internal Controls and Procedures over Financial Reporting**

Management is also responsible for the design of the Company’s internal control over financial reporting in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian generally accepted accounting principles. During the process of management’s review and evaluation of the design of the Company’s internal control over financial reporting, it was determined that certain weaknesses existed in internal controls over financial reporting. As is indicative of many small companies, the lack of segregation of duties and effective risk assessment were identified as areas where weaknesses existed. The existence of these weaknesses is to be compensated for by senior management monitoring which exists. The Company is taking steps to augment and improve the design of procedure and controls impacting these areas of weakness over internal control over financial reporting. It should be noted that a control system, no matter how well conceived or operated, can only provide reasonable assurance, not absolute assurance, that the objectives of the control system are met.