

BLUE SKY URANIUM CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE SIX MONTHS ENDED JUNE 30, 2016 AND 2015

Background

This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the condensed consolidated interim financial statements of Blue Sky Uranium Corp. ("Blue Sky" or "the Company") for the six months ended June 30, 2016 and 2015 and related notes thereto which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All figures are in Canadian dollars unless otherwise noted. This MD&A has been prepared as of August 24, 2016.

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 address of the Company's registered office is Suite 411 – 837 West Hastings Street, Vancouver, BC, Canada V6C 3N6.

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 properties of interest are all located in Argentina. Blue Sky is one of the Argentina's leading uranium exploration companies with more than 6,000 km² of tenements. Argentina has an advanced nuclear industry, centred in the Rio Negro Province. As of the date of this report, the Company has not earned any production revenue, nor defined any mineral resources or reserves on any of its properties.

David Terry, PhD., P.Geo. is a member of the Board and is a Qualified Person as defined by NI 43-101 and has reviewed and approved the exploration information and technical disclosure contained in this MD&A. The Company has Quality Assurance/Quality Control protocols in place for all sampling programs as part of all auguring, geochemical sampling, sample preparation, sample shipping and sample analysis and compilation procedures.

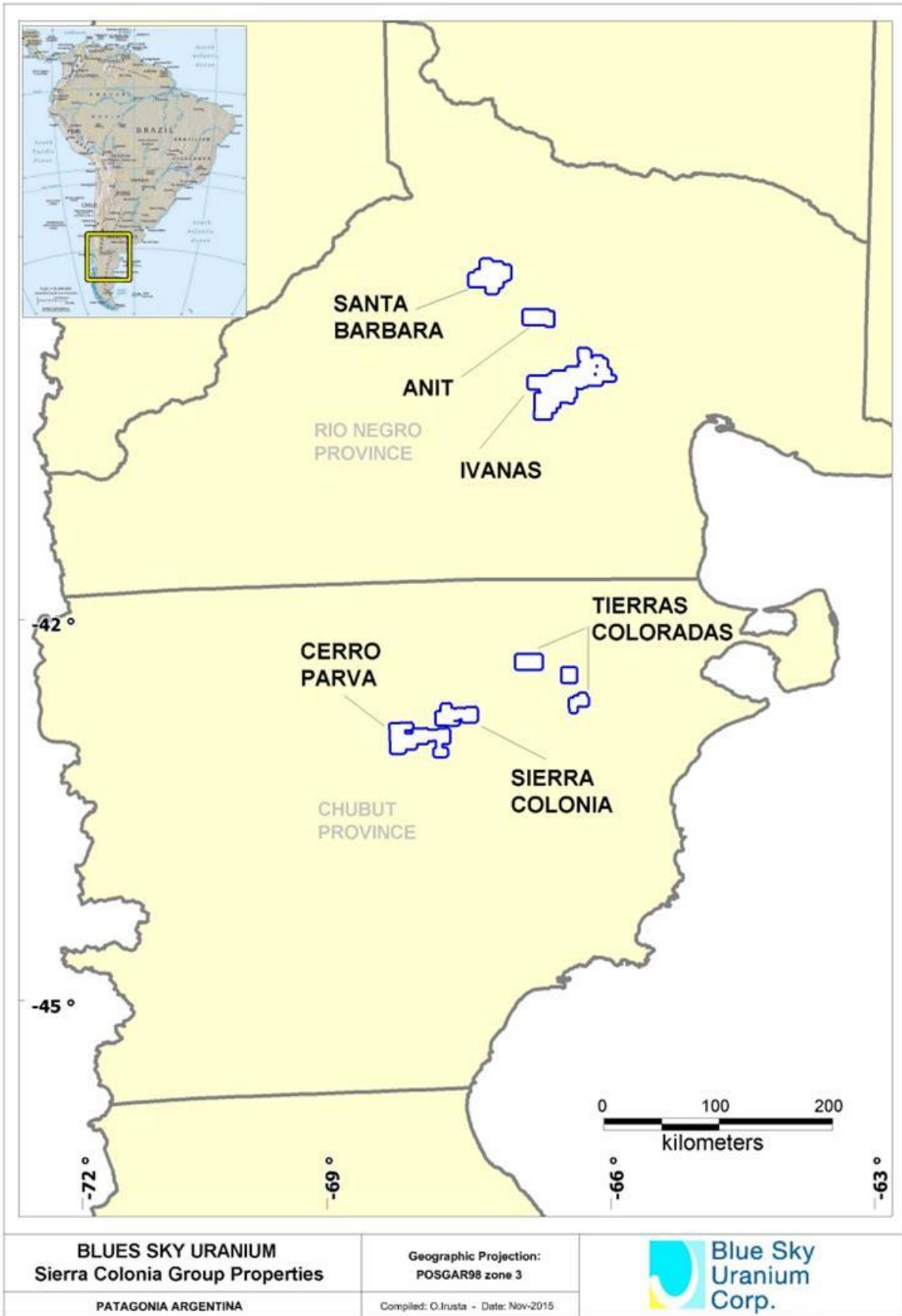
Outlook

Given the current status of the uranium market and difficulties in raising capital, the Company is currently seeking to maximize value from the sale of its uranium assets as it evaluates new opportunities in Argentina outside of the uranium business.

Argentina Exploration

With the acquisition of Argentina Uranium in 2008, the Company gained control of a land package of more than 5,000 km² in Argentina. This acquisition followed a review of Argentina Uranium's properties and a 14,689 line-km airborne geophysical survey in 2007 in the province of Rio Negro over mineral properties covering a surface area of 3,000 km². Argentina Uranium also held properties in the province of Chubut.

The Company's projects are shown on the figure below. The exploration focus is on surficial (calcrete-type), as well as sandstone-type (roll front) uranium targets.



Sierra Colonia

Property and Ownership: The Sierra Colonia property is located in the central part of the Chubut province. It is situated 96 km east-northeast of the Cerro Solo project where the National Commission of Atomic Energy (“CNEA”) identified a historical resource of 15 million pounds of contained U_3O_8 in the same geological environment (CNEA web site with information dated June 5, 2009. The resource statement is not compliant with National Instrument 43-101). The property is 100% owned by the Company. Blue Sky has two exploration licenses totalling 80 km² and nine “manifestaciones de descubrimiento” totalling 199 km².

History: The Sierra Colonia project was selected following recommendations by Dr. Jorge Berizzo, Blue Sky’s geological consultant, and was based on the proximity to CNEA’s Mirasol uranium occurrence and similarities to the geological setting at Mirasol and Cerro Solo. The property’s history is summarized as follows:

- surface radiometric survey covering 124 km²;
- sampling of 54 hand pits and chip samples ranging in depth from surface to 2 meters; and
- collection of 283 grab samples from outcrops and hand pits.

Geology and Mineralization: Uranium mineralization is hosted in sandstones, conglomerates and tuffs of Lower to Upper Cretaceous age of the Chubut Group located in an erosional window eroded through late Tertiary El Cuy plateau basalts. Petrified wood is commonly associated with uranium mineralization. Highlights from the prospecting work performed to date are summarized below:

Hand pits and chip samples

Zone	Width (m)	U_3O_8 (%)	V_2O_5 (%)
Fluo	2.0	0.14	0.07
	1.0	0.09	1.12
	1.5	0.07	0.01
Zone 1	1.0	0.13	0.50
Zone Cañadon Lillo	0.5	0.53	1.32
Zone 5	1.0	0.03	0.27

Grab samples from outcrops and hand pits

- 16 samples were higher than 0.10% U_3O_8 ; highlights include, 0.65 % U_3O_8 and 1.55 % V_2O_5 , 0.61 % U_3O_8 and 0.80% V_2O_5 , 0.53% U_3O_8 and 1.32% V_2O_5 , 0.25% U_3O_8 and 0.65% V_2O_5 , and 0.20% U_3O_8 , 0.09% V_2O_5 ;
- 90 samples were higher than 0.01% U_3O_8 ; and
- 177 samples were lower than 0.01% U_3O_8 .

Anomalous molybdenum values have been detected at Cerro Solo and are also present at Sierra Colonia, including 21 samples ranging from 113 to 671 ppm Mo.

2012 Exploration: The AREVA-Blue Sky program focused on identifying drill targets for a 2013 drill program in 12 target areas contained within a 14 km long mineralized trend discovered by Blue Sky in 2011. 2 lines of IP / Resistivity (total 7 km) were completed along with detailed geological and topographic surveys. Preliminary drill targets have been defined.

2013 Exploration: During 2013 the AREVA-Blue Sky program consisted of a comprehensive geological mapping program and 14 km of IP/resistivity surveying on two lines. The program was successful in tracing the favourable stratigraphic units and defining drill targets.

The Company is currently evaluating strategic alternatives to finance advancement of the Sierra Colonia property.

Rio Negro Province

The 2007 airborne radiometric survey identified anomalous zones of uranium mineralization on the Anit and Santa Barbara properties. In 2010, the Company completed a second, 22,214 line-km regional airborne radiometric and magnetic survey in the prospective Neuquen Basin in Rio Negro over areas with similar geology to the Anit and Santa Barbara properties. Three large new uranium anomalies were identified by the airborne survey and the Company applied for twelve exploration licenses (“cateos”) to cover them.

Exploration programs at the Anit, Santa Barbara and Ivana properties revealed two types of uranium mineralization in a near-surface horizon in poorly consolidated Upper Cretaceous to Tertiary sediments and underlying mineralization of the surficial calcrete type. The latter, in which the uranium occurs in gypsum and calcite-rich strata, resembles the Langer Heinrich deposit in Namibia (Measured and Indicated Resource of 150 million lbs. U₃O₈ at a grade of 0.054% U₃O₈ using a 0.025% U₃O₈ cut-off, Paladin Energy Ltd. 2011 annual report). Carnotite, a potassium uranium vanadate mineral with chemical formula: K₂(UO₂)₂(VO₄)₂·3H₂O, is the uranium ore mineral. Vanadium pentoxide (V₂O₅) is a by-product at Langer Heinrich and is mainly used as an alloy of steel. At Langer Heinrich, mineralization occurs within a 15-km long paleo-drainage system and is near-surface, between one meter and 30 m thick, and between 50 m and 1,100 m wide.

Santa Barbara Property

Property and Ownership: The Santa Barbara prospect was discovered in late 2006 by Dr. Jorge Berizzo, Blue Sky’s geological consultant, while conducting a car-borne reconnaissance of the Rio Negro province. It hosts the first documented uranium discovery in this province. The property consists of 20 “manifestaciones de descubrimiento” that cover approximately 400 km². It is located in north-central Rio Negro approximately 75 km south of the city of Villa Regina. The property is 100% owned by the Company.

Anit Property

Property and Ownership: The Anit property consists 12 mines or “manifestaciones de descubrimiento” that cover approximately 240 km². It is located in the north-central part of Rio Negro approximately 100 km SSE of the city of Villa Regina. The property is 100% owned by the Company.

Ivana and “New Ivana” Property

Property and Ownership: The Ivana and “New Ivana” property consists of eleven exploration licenses totaling 625 km², and forty mines or “manifestaciones de descubrimiento” registered on behalf of the Company totaling approximately 814 km². It is located in the north-central part of Rio Negro near the municipality of Valcheta. The property is 100% owned by the Company.

Other – Rio Negro and Chubut

The Company owns a 100% interest in the 633 km² Cerro Parva property in the Province of Chubut, Argentina. The Company owns a 100% interest in the 400 km² Tierras Coloradas property east of the Sierra Colonia property in the province of Chubut, Argentina.

Results Of Operations – For The Six months ended June 30, 2016 Compared To The Six months ended June 30, 2015

Loss from operating activities

During the six months ended June 30, 2016, loss from operating activities increased by \$177,304 to \$310,071 compared to \$132,767 for the six months ended June 30, 2015. The increase in loss from operating activities is largely due to:

- An increase of \$123,567 in exploration expenditures. Exploration expenditures were \$166,690 for the six months ended June 30, 2016 compared to \$43,123 for the six months ended June 30, 2015. Exploration expenditures primarily consisted of property maintenance payments, office and employment related costs during the six months ended June 30, 2016 compared to lower exploration expenditures as a result of a significant curtailment in exploration activity during the six months ended June 30, 2015.
- An increase of \$52,200 in salaries and employee benefits. Salaries and employee benefits were \$82,200 for the six months ended June 30, 2016 compared to \$30,000 for the six months ended June 30, 2015. The increase is due to a one-time bonus of \$27,000 paid to the Chief Financial Officer and \$25,200 paid to a director of the Company for geological consulting services during the six months ended June 30, 2016 compared to lower salaries and employee benefits as a result of reduced corporate activity and no one-time performance bonuses paid during the six months ended June 30, 2015.
- An increase of \$13,825 in foreign exchange loss. Foreign exchange loss was \$12,727 for the six months ended June 30, 2016 compared to a foreign exchange gain of \$1,098. The increase is due to the fluctuation in foreign exchange rates and differing amounts of foreign currencies held during the six months ended June 30, 2016 compared to the six months ended June 30, 2015.

The increases were partially offset by:

- A decrease of \$6,701 in professional fees. Professional fees were \$29,418 for the six months ended June 30, 2016 compared to \$36,119 for the six months ended June 30, 2015. The Company incurred lower legal and consultant fees during the six months ended June 30, 2016 compared to higher legal and consultant fees incurred during the six months ended June 30, 2015.

Other items

During the six months ended June 30, 2016, other items increased by \$17,073 to \$37,102 compared to \$20,029 for the six months ended June 30, 2015. The increase in other items is largely due to:

- An increase of \$13,200 in finance expense. Finance expense was \$19,200 for the six months ended June 30, 2016 compared to \$6,000 for the six months ended June 30, 2015. The increase is due to arrangement fees payable as consideration for larger working capital loans received by the Company during the six months ended June 30, 2016 compared to arrangement fees payable as consideration for smaller working capital loans received by the Company during the six months ended June 30, 2015.
- An increase of \$3,854 in interest expense. Interest expense was \$17,931 for the six months ended June 30, 2016 compared to \$14,077 for the six months ended June 30, 2015 due to accrued interest on outstanding working capital loans received by the Company.

The net loss and comprehensive loss for the six months ended June 30, 2016 was \$347,173 or \$0.10 per basic and diluted share compared to a net loss and comprehensive loss of \$152,796 or \$0.04 per basic and diluted share for the six months ended June 30, 2015.

Cash Flow

Operating Activities

Cash outflow from operating activities was \$241,869 for the six months ended June 30, 2016 compared to \$73,966 for the six months ended June 30, 2015. The increase in cash outflow results from higher exploration expenditures and corporate and administrative cash costs and changes in non-cash working capital balances due to timing of receipt and payment of cash compared to the prior period.

Financing Activities

Cash inflow from financing activities was \$596,000 for the six months ended June 30, 2016 compared to \$30,000 for the six months ended June 30, 2015. Proceeds from the issuance of loans payable were \$96,000 for the six months ended June 30, 2016 compared to \$30,000 for the six months ended June 30, 2015. Subscription receipts in advance of a non-brokered private placement were \$500,000 for the six months ended June 30, 2016 compared to \$Nil for the six months ended June 30, 2015.

Results Of Operations – For The Three months ended June 30, 2016 Compared To The Three months ended June 30, 2015

Loss from operating activities

During the three months ended June 30, 2016, loss from operating activities increased by \$208,687 to \$270,455 compared to \$61,768 for the three months ended June 30, 2015. The increase in loss from operating activities is largely due to:

- An increase of \$139,247 in exploration expenditures. Exploration expenditures were \$160,981 for the three months ended June 30, 2016 compared to \$21,734 for the three months ended June 30, 2015. Exploration expenditures primarily consisted of property maintenance payments during the three months ended June 30, 2016 compared to lower exploration expenditures as a result of a significant curtailment in exploration activity during the three months ended June 30, 2015.
- An increase of \$52,200 in salaries and employee benefits. Salaries and employee benefits were \$67,200 for the three months ended June 30, 2016 compared to \$15,000 for the three months ended June 30, 2015. The increase is due to a one-time bonus of \$27,000 paid to the Chief Financial Officer and \$25,200 paid to a director of the Company for geological consulting services during the three months ended June 30, 2016 compared to lower salaries and employee benefits as a result of reduced corporate activity and no one-time performance bonuses paid during the three months ended June 30, 2015.
- An increase of \$18,184 in foreign exchange loss. Foreign exchange loss was \$17,779 for the three months ended June 30, 2016 compared to a foreign exchange gain of \$405. The increase is due to the fluctuation in foreign exchange rates and differing amounts of foreign currencies held during the three months ended June 30, 2016 compared to the three months ended June 30, 2015.

The net loss and comprehensive loss for the three months ended June 30, 2016 was \$279,787 or \$0.08 per basic and diluted share compared to a net loss and comprehensive loss of \$69,164 or \$0.02 per basic and diluted share for the three months ended June 30, 2015.

Balance Sheet

At June 30, 2016, the Company had total assets of \$422,974 which is an increase of \$369,831 from the \$53,143 in total assets at December 31, 2015. The change is mainly due to an increase in cash and prepaid expenses during the six months ended June 30, 2016.

Selected Quarterly Financial Data

	2016		2015				2014	
	Jun. 30 \$	Mar. 31 \$	Dec. 31 \$	Sep. 30 \$	Jun. 30 \$	Mar. 31 \$	Dec. 31 \$	Sep. 30 \$
Revenues	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Net Loss	(279,787)	(67,386)	(44,216)	(55,210)	(69,164)	(83,632)	(120,882)	(185,370)
Net Loss per Common Share Basic and Diluted	(0.08)	(0.02)	(0.01)	(0.02)	(0.02)	(0.02)	(0.04)	(0.05)

Liquidity and Capital Resources

The Company has experienced recurring operating losses and has an accumulated deficit of \$24,270,925 and deficit of \$556,669 at June 30, 2016. In addition, the Company had a working capital deficiency of \$589,371 at June 30, 2016. Working capital is defined as current assets less current liabilities and provides a measure of the Company's ability to settle liabilities that are due within one year with assets that are also expected to be converted into cash within one year. These recurring losses and working capital deficiency create material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern. The Company's continued operations, as intended, are dependent upon its ability to raise additional funding to meet its obligations and commitments (as disclosed in Note 1 of the Company's condensed consolidated interim financial statements for the six months ended June 30, 2016) and to attain profitable operations. Management's plan in this regard is to raise equity financing as required. There are no assurances that the Company will be successful in achieving these goals.

The Company's condensed consolidated interim financial statements for the six months ended June 30, 2016 do not include adjustments to the amounts and classifications of assets and liabilities and reported expenses that might be necessary should the Company be unable to continue as a going concern, which could be material.

The condensed consolidated interim financial statements for the six months ended June 30, 2016 have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to a going concern, which assume that the Company will realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

The Company's cash position at June 30, 2016 was \$359,272, an increase of \$354,131 from the December 31, 2015 balance of \$5,141. 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.

Capital Stock

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

As at June 30, 2016, an aggregate of 3,436,699 common shares were issued and outstanding. As at the date of this report, 41,436,699 common shares were issued and outstanding.

Details of Issues of Common Shares in 2016

On June 1, 2016, the Company announced a non-brokered private placement financing of up to 38,000,000 units at a price of \$0.05 per unit for gross proceeds of \$1,900,000. Each unit consists of one common share and one transferrable common share purchase warrant. Each warrant will entitle the holder thereof to purchase one additional common share in the capital of the Company at \$0.10 per share for one year from the date of issue of the warrant. The Company is entitled to accelerate the expiry date of the warrants if the 10-day volume weighted average stock price of the Company trades \$0.25 or higher, then, on notice from the Company, the warrant holders will have 20 days to exercise their warrants; otherwise, the warrants will expire on the 21st day. All units issued will be subject to a four month hold period from the date of issue.

See events after the reporting period for further information

The following summarizes information about stock options outstanding and exercisable as at the date of this report:

Number of Shares		Exercise Price (CAD\$)	Expiry Date
Outstanding	Exercisable		
2,000	2,000	\$10.00	September 25, 2016
93,500	93,500	\$1.20	September 24, 2017
95,500	95,500		

Commitment

Management Service Agreement

On April 1, 2010, the Company entered into a Management Services Agreement (“Agreement”) with Grosso Group Management Ltd. (Grosso Group) to provide services and facilities to the Company. Grosso Group provides its member companies with administrative and management services. The member companies pay monthly fees to Grosso Group on a cost recovery basis. The fee is based upon a pro-rating of Grosso Group’s costs including its staff and overhead costs among the member companies. The fee is reviewed and adjusted quarterly based on the level of services required. The Agreement expired on December 31, 2014 and was automatically renewed for a period of two years pursuant to the terms of the Agreement. The Agreement contains termination and early termination fees in the event the services are terminated by the Company. The termination fee includes three months of compensation and any contractual obligations that Grosso Group undertook for the Company, up to a maximum of \$750,000. The early termination fees are the aggregate of the termination fee in addition to the lesser of the monthly fees calculated to the end of the term and the monthly fees calculated for eighteen months, up to a maximum of \$1,000,000.

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 having control or significant influence over the financial or operating policies of the entities outlined below.

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

Key Management Personnel Compensation

	Three months ended June 30, 2016			Three months ended June 30, 2015		
	Salaries \$	Other \$	Total \$	Salaries \$	Other \$	Total \$
Compensation						
Chief Executive Officer ¹	15,000	-	15,000	15,000	-	15,000
Chief Financial Officer ²	-	27,000	27,000	-	-	-
Total	15,000	27,000	42,000	15,000	-	15,000

	Six months ended June 30, 2016			Six months ended June 30, 2015		
	Salaries \$	Other \$	Total \$	Salaries \$	Other \$	Total \$
Compensation						
Chief Executive Officer ¹	30,000	-	30,000	30,000	-	30,000
Chief Financial Officer ²	-	27,000	27,000	-	-	-
Total	30,000	27,000	57,000	30,000	-	30,000

1) At June 30, 2016, the Company had \$147,000 (December 31, 2015 - \$115,500) included in accounts payable and accrued liabilities to Cacos Consulting Ltd., a private company controlled by Mr. Nikolaos Cacos, a director and officer of the Company, for CEO services.

2) At June 30, 2016, the Company had \$28,350 (December 31, 2015 - \$Nil) included in accounts payable and accrued liabilities to Darren Urquhart Chartered Accountant Inc., a private company controlled by Mr. Darren Urquhart, an officer of the Company, for CFO services.

Grosso Group Management Ltd.

At June 30, 2016, the Company had \$49,140 (December 31, 2015 - \$50,500) included in accounts payable and accrued liabilities to Grosso Group.

Mr. Joseph Grosso

Mr. Joseph Grosso is the controlling shareholder of Grosso Group Management Ltd.

Oxbow International Marketing Corp. (“Oxbow”) is a private company controlled by Mr. Joseph Grosso. For the three months ended June 30, 2016, Oxbow was paid \$12,500 (three months ended June 30, 2015 - \$12,500) for management consulting services. For the six months ended June 30, 2016, Oxbow was paid \$25,000 (six months ended June 30, 2015 - \$25,000) for management consulting services. Amounts paid to Oxbow are classified as professional fees in the consolidated statements of loss and comprehensive loss.

At June 30, 2016, the Company had \$116,944 (December 31, 2015 - \$90,708) included in accounts payable and accrued liabilities to Oxbow.

At June 30, 2016, the Company has \$179,500 (December 31, 2015 - \$83,500) included in loans payable, \$16,965 (December 31, 2015 - \$8,339) in interest payable and \$35,900 (December 31, 2015 - \$16,700) in finance expenses included in accounts payable and accrued liabilities to Mr. Joseph Grosso. See events after the reporting period for further information.

Dr. David Terry

Vinland Holdings Ltd. (“Vinland Holdings”) is a private company controlled by Dr. David Terry, a director of the Company. For the three months ended June 30 2016, Vinland Holdings was paid \$25,200 (three months ended June 30, 2015 - \$Nil) for geological services. For the six months ended June 30 2016, Vinland Holdings was paid \$25,200 (six months ended June 30, 2015 - \$Nil) for geological services. Amounts paid to Vinland Holdings are classified as salaries in the consolidated statements of loss and comprehensive loss.

At June 30, 2016, the Company had \$26,460 (December 31, 2015 - \$Nil) included in accounts payable and accrued liabilities to Vinland Holdings.

Other

At June 30, 2016, the Company had severance of \$27,500 (December 31, 2015 - \$27,500) included in accounts payable and accrued liabilities to Mr. Sean Hurd, former director and CEO of the Company, to be paid in cash or common shares of the Company.

Loans Payable

At June 30, 2016, the Company has the following loans payable:

	June 30, 2016		
	Maturity	Currency	Amount
Unsecured, 12% annual interest rate	On demand	Canadian dollar	\$140,000
Unsecured, 12% annual interest rate	On demand	Canadian dollar	\$38,000
Unsecured, 12% annual interest rate	On demand	Canadian dollar	\$40,000
Unsecured, 12% annual interest rate	On demand	Canadian dollar	\$30,000
Unsecured, 12% annual interest rate	On demand	Canadian dollar	\$13,500
Unsecured, 12% annual interest rate	On demand	Canadian dollar	\$96,000
			<u>\$357,500</u>

At December 31, 2015, the Company has the following loans payable:

	December 31, 2015		
	Maturity	Currency	Amount
Unsecured, 12% annual interest rate	On demand	Canadian dollar	\$140,000
Unsecured, 12% annual interest rate	On demand	Canadian dollar	\$38,000
Unsecured, 12% annual interest rate	On demand	Canadian dollar	\$40,000
Unsecured, 12% annual interest rate	On demand	Canadian dollar	\$30,000
Unsecured, 12% annual interest rate	On demand	Canadian dollar	\$13,500
			<u>\$261,500</u>

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

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

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

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

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

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

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

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

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

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

\$96,000 Unsecured, 12% annual interest rate

On March 7, 2016, the Company entered into a loan agreement with a non-arm's length lender. The principal amount of the loan is used for working capital purposes and bears interest at the rate of 12% per annum. The principal balance of the loan, together with all accrued and unpaid interest thereon shall become due and payable in full on demand. As additional consideration for providing the loan, the Company will pay to the lender an arrangement fee in an amount equal to 20% of the principal amount of the loan totalling \$19,200. Such amount is payable at the election of the lender in cash or common shares, or a combination of both. Payment of all or any part of the arrangement fee in common shares is subject to TSX Venture Exchange approval. See events after the reporting period for further information.

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

Events After The Reporting Period

Private Placements

- On July 5, 2016, the Company completed a non-brokered private placement financing of 38,000,000 units at a price of \$0.05 per unit for gross proceeds of \$1,900,000. Each unit consists of one common share and one transferrable common share purchase warrant. Each warrant entitles the holder thereof to purchase one additional common share in the capital of the Company at \$0.10 per share for one year from the date of issue of the warrant. The Company is entitled to accelerate the expiry date of the warrants if the 10-day volume weighted average stock price of the Company trades \$0.25 or higher, then, on notice from the Company, the warrant holders will have 20 days to exercise their warrants; otherwise, the warrants will expire on the 21st day.
- On August 2, 2016, the Company announced a non-brokered private placement financing of up to 6,500,000 units at a price of \$0.38 per unit for gross proceeds of \$2,470,000. Each unit will consist of one common share and one transferrable common share purchase warrant. Each warrant will entitle the holder thereof to purchase one additional common share in the capital of the Company at \$0.50 per share for two years from the date of issue of the warrant. The Company is entitled to accelerate the expiry date of the warrants if the 10-day volume weighted average stock price of the Company trades \$0.80 or higher, then, on notice from the Company, the warrant holders will have 20 days to exercise their warrants; otherwise, the warrants will expire on the 21st day.

Repayment of Loans Payable

Subsequent to June 30, 2016, the Company repaid the principal balances of all of the Company's loans received together with the arrangement fees and all accrued and unpaid interest totaling \$488,335.

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 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 six months ended June 30, 2016. These accounting policies can have a significant impact on the financial performance and financial position of the Company.

New Accounting Standards and Interpretations

The International Accounting Standards Board ("IASB") has issued new and amended standards and interpretations which have not yet been adopted by the Company. The Company has not yet begun the process of assessing the impact that the new and amended standards and interpretations will have on its financial statements or whether to early adopt any of the new requirements. The following is a brief summary of the new and amended standards and interpretations:

IFRS 9 – Financial Instruments

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

IFRS 15 – Revenue from Contracts with Customers

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

IFRS 16 – Leases

IFRS 16 specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. The standard was issued in January 2016 and is effective for annual periods beginning on or after January 1, 2019. IFRS 16 is not expected to have a material impact on amounts recorded in the financial statements of the Company.

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.

Credit risk

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

Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. 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: cash, amounts receivable and accounts payable all denominated in United States dollars and Argentinean pesos. The sensitivity of the Company's net earnings and other comprehensive income to changes in the exchange rate between the Canadian dollar and the United States dollar, and between the Canadian dollar and the Argentinean peso as of June 30, 2016 is summarized as follows:

- A 10% change in the US dollar exchange rate relative to the Canadian dollar would change the Company's net loss by \$84.
- A 10% change in the Argentinean peso exchange rate relative to the Canadian dollar would change the Company's net loss by \$7,291.

(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 or have prescribed interest rates.

Capital Management

The Company's objectives of capital management are intended to safeguard the entity's ability to support the Company's normal operating requirements on an ongoing basis, continue the development and exploration of its mineral properties and support any expansionary plans. The capital structure of the Company consists of equity attributable to common shareholders, comprised of issued capital, reserves and deficit. The Company manages the capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of the Company's assets.

To effectively manage the entity's capital requirements, the Company has in place a planning and budgeting process to help determine the funds required to ensure the Company has the appropriate liquidity to meet its operating and growth objectives. The Company has historically relied on issuance of shares to develop its mineral projects and may require doing so again in the future. The Company is monitoring market conditions to secure funding at the lowest cost of capital. The Company is exposed to various funding and market risks which could curtail its access to funds.

Risk Factors and Uncertainties

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, 2015 and 2014. 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 may 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 cash. The Company 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 do not earn interest income. Cash bears no interest. The fair value of cash approximates its carrying values due to the immediate or short-term maturity of this financial instrument.

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 June 30, 2016.

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 focused 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.