
Blue Sky Uranium Corp.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2021 AND 2020

(Unaudited - Expressed in Canadian Dollars)

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

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

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

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

	Note	March 31, 2021 \$	December 31, 2020 \$
ASSETS			
Current assets			
Cash		2,355,483	1,215,569
Accounts receivable		16,644	6,854
Prepaid expenses		58,898	39,788
Total current assets		2,431,025	1,262,211
Non-current assets			
Mineral property interests	3	74,729	70,876
Total non-current assets		74,729	70,876
Total Assets		2,505,754	1,333,087
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	6	360,559	580,713
Loans payable	4	-	1,404,000
Interest payable	4	-	36,203
Total Liabilities		360,559	2,020,916
SHAREHOLDERS' EQUITY (DEFICIENCY)			
Share capital	5	33,521,503	29,875,000
Reserves	5	10,601,159	7,730,665
Share subscriptions received	5	-	1,017,510
Deficit		(41,977,467)	(39,311,004)
Total shareholders' equity (deficiency)		2,145,195	(687,829)
Total Shareholders' Equity (Deficiency) and Liabilities		2,505,754	1,333,087

NATURE OF OPERATIONS AND GOING CONCERN (Note 1)

COMMITMENT (Note 9)

These consolidated interim financial statements are authorized for issue by the Board of Directors on May 13, 2021. They are signed on the Company's behalf by:

"Nikolaos Cacos" , Director

"David Terry" , Director

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

	Note	Three months ended March 31,	
		2021	2020
		\$	\$
Expenses			
Accounting and audit		-	(4,050)
Corporate development and investor relations		573,165	51,611
Exploration	3	769,020	540,184
Management fees	6	42,750	43,500
Office and sundry	6	12,016	22,912
Professional fees	6	34,488	65,222
Rent, parking and storage		4,310	3,755
Salaries and employee benefits	6	51,000	51,000
Share-based compensation		1,141,549	-
Transfer agent and regulatory fees		45,117	10,107
Travel		-	16,076
Loss from operating activities		2,673,415	800,317
Other (income) expenses			
Foreign exchange gain		(7,658)	(193,451)
Interest expense	4	1,984	9,858
Interest income		(1,278)	-
Income from other items		(6,952)	(183,593)
Loss and comprehensive loss for the year		2,666,463	616,724
Basic and diluted loss per common share (\$)	7	0.02	0.01

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

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

	Three months ended March 31,	
	2021	2020
	\$	\$
Cash flows used in operating activities		
Loss for the period	(2,666,463)	(616,724)
Interest expense	1,984	9,858
Share-based compensation	1,141,549	-
	<u>(1,522,930)</u>	<u>(606,866)</u>
Change in non-cash working capital items:		
Increase in accounts receivable	(9,790)	(4,095)
(Increase) decrease in prepaid expenses	(19,110)	17,463
Decrease in accounts payable and accrued liabilities	(220,154)	(20,449)
Net cash used in operating activities	<u>(1,771,984)</u>	<u>(613,947)</u>
Cash flow used in investing activities		
Expenditures on mineral property interests	(3,853)	(4,126)
Net cash used in investing activities	<u>(3,853)</u>	<u>(4,126)</u>
Cash flows from financing activities		
Issuance of common shares and warrants	4,491,508	-
Share issue costs	(133,570)	-
Loan proceeds received	-	750,000
Loan repayment	(1,404,000)	-
Interest paid	(38,187)	-
Net cash from financing activities	<u>2,915,751</u>	<u>750,000</u>
Net increase in cash	1,139,914	131,927
Cash at beginning of period	1,215,569	360,605
Cash at end of period	<u>2,355,483</u>	<u>492,532</u>

SUPPLEMENTARY CASH FLOW INFORMATION (Note 10)

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

Blue Sky Uranium Corp.
Consolidated Statements of Changes in (Deficiency) Equity
(Unaudited - Expressed in Canadian Dollars)

	Share capital		Reserves					Total \$
	Number of Shares	Amount \$	Contributed Surplus \$	Equity Settled Share-based Payments \$	Warrants \$	Share Subscriptions Received \$	Accumulated Deficit \$	
Balance at December 31, 2019	120,110,232	29,875,000	4,529,173	780,597	2,420,895	-	(37,382,086)	223,579
Warrants and agents' warrants cancelled	-	-	5,183	-	(5,183)	-	-	-
Comprehensive loss for the period	-	-	-	-	-	-	(616,724)	(616,724)
Balance at March 31, 2020	120,110,232	29,875,000	4,534,356	780,597	2,415,712	-	(37,998,810)	(393,145)
Stock options cancelled/expired	-	-	39,962	(39,962)	-	-	-	-
Warrants and agents' warrants expired	-	-	43,120	-	(43,120)	-	-	-
Share subscriptions received	-	-	-	-	-	1,017,510	-	1,017,510
Comprehensive loss for the period	-	-	-	-	-	-	(1,312,194)	(1,312,194)
Balance at December 31, 2020	120,110,232	29,875,000	4,617,438	740,635	2,372,592	1,017,510	(39,311,004)	(687,829)
Private placements	42,000,077	3,829,081	-	-	1,679,937	(1,017,510)	-	4,491,508
Share issue costs	-	(133,570)	-	-	-	-	-	(133,570)
Agent warrants granted	-	(49,008)	-	-	49,008	-	-	-
Share-based compensation	-	-	-	1,141,549	-	-	-	1,141,549
Comprehensive loss for the period	-	-	-	-	-	-	(2,666,463)	(2,666,463)
Balance at March 31, 2021	162,110,309	33,521,503	4,617,438	1,882,184	4,101,537	-	(41,977,467)	2,145,195

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

Blue Sky Uranium Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2021 and 2020

(Unaudited - Expressed in Canadian Dollars Unless Otherwise Noted)

1. NATURE OF OPERATIONS AND GOING CONCERN

The Company was incorporated under the Business Corporation Act of British Columbia on November 30, 2005 as Mulligan Capital Corp. On May 18, 2006, the Company received final receipts for a prospectus and became a reporting issuer in British Columbia and Alberta. On June 27, 2006 the Company completed its initial public offering 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 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 312 – 837 West Hastings Street, Vancouver, BC, Canada V6C 3N6.

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

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

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

The Company has experienced recurring operating losses and has an accumulated deficit of \$41,977,467 and shareholders' equity of \$2,145,195 at March 31, 2021. In addition, the Company has working capital of \$2,070,466 at March 31, 2021 and negative cash flow from operating activities of \$1,771,984. 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 factors create material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern. The Company's continued operations, as intended, are dependent upon its ability to raise additional funding to meet its obligations and commitments and to attain profitable operations. Management's plan in this regard is to raise equity financing as required. There are no assurances that the Company will be successful in achieving these goals.

On March 11, 2020, the World Health Organization declared the global outbreak of a novel coronavirus identified as "COVID-19" as a global pandemic. In order to combat the spread of COVID-19 governments worldwide have enacted emergency measures including travel bans, legally enforced or self-imposed quarantine periods, social distancing and business and organization closures. These measures have caused material disruptions to businesses, governments and other organizations resulting in an economic slowdown and increased volatility in national and global equity and commodity markets. Central banks and governments, including Canadian federal and provincial governments, have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of any interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company and its operations in future periods.

These condensed consolidated interim financial statements do not include adjustments to the amounts and classifications of assets and liabilities and reported expenses that might be necessary should the Company be unable to continue as a going concern, which could be material.

Blue Sky Uranium Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2021 and 2020

(Unaudited - Expressed in Canadian Dollars Unless Otherwise Noted)

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting (“IAS 34”), as issued by the International Accounting Standards Board (“IASB”), and its interpretations, using accounting policies consistent with International Financial Reporting Standards (“IFRS”) and accordingly, certain information and note disclosure included in the annual consolidated financial statements prepared in accordance with IFRS have been omitted or condensed. These condensed consolidated interim financial statements should be read in conjunction with the Company’s December 31, 2020 audited annual consolidated financial statements.

Basis of preparation

These condensed consolidated interim financial statements have been prepared on a historical cost basis except for financial instruments measured at fair value. In addition, these condensed consolidated interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

Basis of consolidation

These condensed consolidated interim financial statements include the accounts of the Company and its wholly-owned subsidiaries as follows:

	Place of Incorporation	Principal Activity
Blue Sky Uranium Holdings Corp.	BC, Canada	Holding company
Minera Cielo Azul S.A. (Argentina)	Argentina	Exploration company
Desarrollo de Inversiones S.A. (Argentina)	Argentina	Exploration company
Viento de Oro S.A. de C.V. (Mexico)	Mexico	Exploration company

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

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

Significant Accounting Estimates and Judgments

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

Blue Sky Uranium Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2021 and 2020

(Unaudited - Expressed in Canadian Dollars Unless Otherwise Noted)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

These financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Significant assumptions about the future and other sources of estimation uncertainty that management has made at the financial position reporting date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

Critical accounting estimates

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

Critical accounting judgments

- i. Presentation of the consolidated financial statements which assumes that the Company will continue in operation for the foreseeable future, obtain additional financing as required, and will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due.
- ii. The determination of categories of financial assets and financial liabilities has been identified as an accounting policy which involves judgments or assessments made by management.
- iii. The analysis of the functional currency for each entity of the Company. In concluding that the Canadian dollar is the functional currency of the parent and its subsidiary companies, management considered the currency that mainly influences the cost of providing goods and services in each jurisdiction in which the Company operates. As no single currency was clearly dominant the Company also considered secondary indicators including the currency in which funds from financing activities are denominated and the currency in which funds are retained.
- iv. The determination of our tax expense for the period and deferred tax assets and liabilities involves significant estimation and judgement by management. In determining these amounts, we interpret tax legislation in a variety of jurisdictions and make estimates of the expected timing of the reversal of deferred tax assets and liabilities. We also make estimates of future earnings which affect the extent to which potential future tax benefits may be used. We are subject to assessments by various taxation authorities, which may interpret legislation differently. These differences may affect the final amount or the timing of the payment of taxes. We provide for such differences where known based on our best estimate of the probable outcome of these matters.

Blue Sky Uranium Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2021 and 2020

(Unaudited - Expressed in Canadian Dollars Unless Otherwise Noted)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Changes in Accounting Standards

Amendments to IFRS 3, Business Combinations (effective January 1, 2020) assist in determining whether a transaction should be accounted for as a business combination or an asset acquisition. It amends the definition of a business to include an input and a substantive process that together significantly contribute to the ability to create goods and services provided to customers, generating investment and other income, and it excludes returns in the form of lower costs and other economic benefits. This amendment did not have an impact on the Company's consolidated financial statements.

Amendments to IFRS 9, Financial Instruments and IFRS 7, Financial Instruments: Disclosures (effective January 1, 2020) will affect entities that apply the hedge accounting requirements to hedging relationships directly affected by the interest rate benchmark reform. The amendments modify specific hedge accounting requirements, so that entities would apply those hedge accounting requirements assuming that the interest rate benchmark is not altered as a result of the interest rate benchmark reform. If a hedging relationship no longer meets the requirements for hedge accounting for reasons other than those specified by the amended Standards, then discontinuation of hedge accounting is still required. This amendment did not have an impact on the Company's consolidated financial statements.

New Accounting Standards and Interpretations not yet effective

The following new standards, amendments and interpretations have been issued but are not effective and accordingly, have not been applied in preparing these condensed consolidated interim financial statements.

Amendments to IAS 37, Provisions, contingent liabilities and contingent assets (effective January 1, 2022) specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). This amendment is not expected to have any impact on the Company's consolidated financial statements.

Amendments to IAS 1, Presentation of financial statements (effective January 1, 2023) provide a more general approach to the classification of liabilities based on the contractual arrangements in place at the reporting date. This amendment is not expected to have any impact on the Company's consolidated financial statements.

Blue Sky Uranium Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2021 and 2020

(Unaudited - Expressed in Canadian Dollars Unless Otherwise Noted)

3. MINERAL PROPERTY INTERESTS

The schedules below summarize the acquisition costs and all exploration expenditures incurred to date for each mineral property interest that the Company holds title to and is continuing to explore as March 31, 2021:

Acquisition Costs

	Argentina		
	Ivana \$	Regalo \$	Total \$
Balance – December 31, 2019	35,999	25,000	60,999
Additions	4,126	-	4,126
Balance – March 31, 2020	40,125	25,000	65,125
Additions	5,751	-	5,751
Balance – December 31, 2020	45,876	25,000	70,876
Additions	3,853	-	3,853
Balance – March 31, 2021	49,729	25,000	74,729

Ivana Property

The Company owns a 100% interest in the 83,800 hectare (838 km²) Ivana uranium property in the San Jorge Basin, Province of Rio Negro, located in the Northern Patagonia region of Argentina. The Ivana property forms the southeastern portion of Amarillo Grande Project.

Regalo Property

The Company owns a 100% interest in the 23,300 hectare (233 km²) Regalo property located northwest of the Cerro Solo Uranium District in the province of Chubut Argentina.

Exploration Expenditures

	Argentina		
	Amarillo Grande		Total \$
	Ivana \$	Other* \$	
Cumulative exploration costs December 31, 2020	10,916,731	7,408,091	18,324,822
Expenditures during the period:			
Office	75,931	326	76,257
Property maintenance payments	6,170	10,482	16,652
Salaries and contractors	308,044	-	308,044
Social and community	8,522	-	8,522
Statutory taxes	72,325	1,142	73,466
Supplies and equipment	173,950	-	173,950
Transportation	112,128	-	112,128
	757,070	11,950	769,020
Cumulative exploration costs March 31, 2021	11,673,801	7,420,041	19,093,842

*Other includes Anit, Santa Barbara, and Sierra Colonia.

Blue Sky Uranium Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2021 and 2020

(Unaudited - Expressed in Canadian Dollars Unless Otherwise Noted)

3. MINERAL PROPERTY INTERESTS (continued)

	Argentina		
	Amarillo Grande		
	Ivana \$	Other* \$	Total \$
Cumulative exploration costs December 31, 2019	9,588,602	7,348,713	16,937,315
Expenditures during the period:			
Assays	2,427	-	2,427
Drilling	96,364	-	96,364
Geophysics	(15,153)	-	(15,153)
Office	63,403	2,580	65,983
Property maintenance payments	9,141	15,982	25,123
Salaries and contractors	195,582	1,267	196,849
Social and community	9,080	223	9,303
Statutory taxes	58,265	2,545	60,810
Supplies and equipment	55,299	3	55,302
Transportation	43,171	5	43,176
	517,579	22,605	540,184
Cumulative exploration costs March 31, 2020	10,106,181	7,371,318	17,477,499

*Other includes Anit, Santa Barbara, and Sierra Colonia.

4. LOANS PAYABLE

During the three months ended March 31, 2021, the Company repaid the principal balances of \$1,404,000 for all the Company's loans payable together with all accrued and unpaid interest totaling \$38,187. At March 31, 2021, the Company did not have any loans payable.

At December 31, 2020, the Company had the following loans payable.

	December 31, 2020		
	Maturity	Currency	Amount
Unsecured, 12% annual interest rate (1)	On demand	Canadian dollar	\$ 333,000
Unsecured, non-interest bearing (2)	On demand	Canadian dollar	\$ 137,000
Unsecured, non-interest bearing (3)	On demand	Canadian dollar	\$ 80,000
Unsecured, non-interest bearing (4)	On demand	Canadian dollar	\$ 154,000
Unsecured, non-interest bearing (5)	On demand	Canadian dollar	\$ 400,000
Unsecured, non-interest bearing (6)	On demand	Canadian dollar	\$ 100,000
Unsecured, non-interest bearing (7)	On demand	Canadian dollar	\$ 30,000
Unsecured, 12% annual interest rate (8)	On demand	Canadian dollar	\$ 170,000
			\$1,404,000

Blue Sky Uranium Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2021 and 2020

(Unaudited - Expressed in Canadian Dollars Unless Otherwise Noted)

4. LOANS PAYABLE (continued)

(1) \$333,000 Unsecured, 12% annual interest rate

On February 13, 2020, the Company entered into a loan agreement with an arm's length lender. The principal amount of the loan is \$333,000 and is to be 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. During the year ended December 31, 2020, the Company accrued \$35,253 in interest expense for this loan.

(2) \$137,000 Unsecured, non-interest bearing

On February 13, 2020, the Company entered into a loan agreement with a non-arm's length lender. The principal amount of the loan is \$137,000 and is to be used for working capital purposes and is non-interest bearing. The principal balance of the loan shall become due and payable in full on demand.

(3) \$80,000 Unsecured, non-interest bearing

On June 30, 2020, the Company entered into a loan agreement with a non-arm's length lender. The principal amount of the loan is \$80,000 and is to be used for working capital purposes and is non-interest bearing. The principal balance of the loan shall become due and payable in full on demand.

(4) \$154,000 Unsecured, non-interest bearing

On July 31, 2020, the Company entered into a loan agreement with a non-arm's length lender. The principal amount of the loan is \$154,000 and is to be used for working capital purposes and is non-interest bearing. The principal balance of the loan shall become due and payable in full on demand.

(5) \$400,000 Unsecured, non-interest bearing

On August 18, 2020, the Company entered into a loan agreement with a non-arm's length lender. The principal amount of the loan is \$400,000 and is to be used for working capital purposes and is non-interest bearing. The principal balance of the loan shall become due and payable in full on demand.

(6) \$100,000 Unsecured, non-interest bearing

On September 14, 2020, the Company entered into a loan agreement with a non-arm's length lender. The principal amount of the loan is \$100,000 and is to be used for working capital purposes and is non-interest bearing. The principal balance of the loan shall become due and payable in full on demand.

(7) \$30,000 Unsecured, non-interest bearing

On November 3, 2020, the Company entered into a loan agreement with a non-arm's length lender. The principal amount of the loan is \$30,000 and is to be used for working capital purposes and is non-interest bearing. The principal balance of the loan shall become due and payable in full on demand.

(8) \$170,000 Unsecured, 12% annual interest rate

On December 14, 2020, the Company entered into a loan agreement with an arm's length lender. The principal amount of the loan is \$170,000 and is to be 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. During the year ended December 31, 2020, the Company accrued \$950 in interest expense for this loan.

Blue Sky Uranium Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2021 and 2020

(Unaudited - Expressed in Canadian Dollars Unless Otherwise Noted)

5. SHARE CAPITAL AND RESERVES

Authorized Share Capital

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

Details of Issues of Common Shares in 2021

On January 26, 2021, the Company completed the second and final tranche of the non-brokered private placement announced on December 29, 2020 and increased on January 5, 2021. The Company issued 19,086,500 units in this tranche at a price of \$0.13 per unit for gross proceeds of \$2,481,245. Each unit consists of one common share and one transferable common share purchase warrant. Each warrant entitles the holder thereof to purchase one additional common share in the capital of the Company at \$0.25 per share for three years from the date of issue. Finder's fees payable were \$71,799 cash and 552,300 non-transferable warrants exercisable into common shares at \$0.25 for three years from the date of issue. Fair value was calculated using the Black-Scholes pricing model and the following variables: risk-free interest rate – 0.16%; expected stock price volatility – 103.89%; dividend yield – 0%; and expected warrant life – 2 years.

On January 11, 2021, the Company completed the first tranche of the non-brokered private placement announced on December 29, 2020 and increased on January 5, 2021. The Company issued 22,913,577 units in this tranche at a price of \$0.13 per unit for gross proceeds of \$2,978,765. Each unit consists of one common share and one transferable common share purchase warrant. Each warrant entitles the holder thereof to purchase one additional common share in the capital of the Company at \$0.25 per share for three years from the date of issue. Finder's fees payable were \$12,763 cash and 98,175 non-transferable warrants exercisable into common shares at \$0.25 for three years from the date of issue. Included in this tranche were \$1,017,510 of subscription proceeds that were received prior to December 31, 2020. Fair value was calculated using the Black-Scholes pricing model and the following variables: risk-free interest rate – 0.18%; expected stock price volatility – 103.53%; dividend yield – 0%; and expected warrant life – 2.07 years.

Details of Issues of Common Shares in 2020

On December 29, 2020, the Company announced a non-brokered private placement financing of up to 27,000,000 units at a price of \$0.13 per unit. Each unit consists of one common share and one transferable common share purchase warrant. Each warrant entitles the holder to purchase an additional common share of the Company at \$0.25 per share for three years from the date of issue. As at December 31, 2020, \$1,017,510 (2019 - \$Nil) in share subscriptions were received.

Share Purchase Option Compensation Plan

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

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

Blue Sky Uranium Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2021 and 2020

(Unaudited - Expressed in Canadian Dollars Unless Otherwise Noted)

5. SHARE CAPITAL AND RESERVES (continued)

Options

The continuity of share purchase options for the three months ended March 31, 2021 is as follows:

Expiry date	Exercise Price	December 31, 2020	Granted	Expired/ Exercised	Forfeited	March 31, 2021	Options Exercisable
January 23, 2023	\$0.30	4,170,000	-	-	-	4,170,000	4,170,000
January 29, 2026	\$0.25	-	12,000,000	-	-	12,000,000	12,000,000
		4,170,000	12,000,000	-	-	16,170,000	16,170,000
Weighted average exercise price (\$)		0.30	0.25	-	-	0.26	0.26
Weighted average contractual remaining life (years)		2.1	-	-	-	4.06	4.06

The continuity of share purchase options for the three months ended March 31, 2020 is as follows:

Expiry date	Exercise Price	December 31, 2019	Granted	Expired/ Exercised	Forfeited	March 31, 2020	Options Exercisable
January 23, 2023	\$0.30	4,395,000	-	-	-	4,395,000	4,395,000
		4,395,000	-	-	-	4,395,000	4,395,000
Weighted average exercise price (\$)		0.30	-	-	-	0.30	0.30
Weighted average contractual remaining life (years)		3.1	-	-	-	2.8	2.8

The weighted average fair value of share purchase options granted during the three months ended March 31, 2021 is \$0.10 (2020 - \$Nil).

Options were priced based on the Black-Scholes option pricing model using the following weighted average assumptions to estimate the fair value of options granted:

	Three months ended March 31,	
	2021	2020
Risk-free interest rate	0.34%	-
Expected option life in years	2.86	-
Expected share price volatility ⁽¹⁾	102.25%	-
Grant date share price	\$0.18	-
Expected forfeiture rate	-	-
Expected dividend yield	Nil	Nil

(1) Expected volatility was estimated based on historical trading price.

Blue Sky Uranium Corp.

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5. SHARE CAPITAL AND RESERVES (continued)

Warrants

The continuity of warrants for the three months ended March 31, 2021 is as follows:

Expiry date	Exercise Price	December 31, 2020	Granted	Exercised	Expired/Cancelled	December 31, 2020
September 19, 2021	\$0.50	4,180,966	-	-	-	4,180,966
October 23, 2021	\$0.25	5,793,333	-	-	-	5,793,333
February 28, 2022	\$0.35	7,258,500	-	-	-	7,258,500
June 4, 2022	\$0.25	2,514,012	-	-	-	2,514,012
June 11, 2022	\$0.30	24,906,588	-	-	-	24,906,588
July 11, 2022	\$0.25	2,043,332	-	-	-	2,043,332
December 19, 2022	\$0.30	5,940,064	-	-	-	5,940,064
January 11, 2024	\$0.25	-	23,011,752	-	-	23,011,752
January 26, 2024	\$0.25	-	19,638,800	-	-	19,638,800
		52,636,795	42,650,552	-	-	95,287,347
Weighted average exercise price (\$)		0.31	0.25	-	-	0.28

The continuity of warrants for the three months ended March 31, 2020 is as follows:

Expiry date	Exercise Price	December 31, 2019	Granted	Exercised	Expired/Cancelled	March 31, 2020
June 11, 2020	\$0.30	25,851,297	-	-	-	25,851,297
December 19, 2020	\$0.30	5,940,064	-	-	-	5,940,064
September 19, 2021	\$0.50	4,180,966	-	-	-	4,180,966
October 23, 2021	\$0.25	5,793,333	-	-	-	5,793,333
February 28, 2022	\$0.35	7,331,125	-	-	(72,625)	7,258,500
June 4, 2022	\$0.25	2,514,012	-	-	-	2,514,012
July 11, 2022	\$0.25	2,043,332	-	-	-	2,043,332
		53,654,129	-	-	(72,625)	53,581,504
Weighted average exercise price (\$)		0.31	-	-	-	0.31

6. RELATED PARTY BALANCES AND TRANSACTIONS

Grosso Group Management Ltd.

On April 1, 2010, the Company entered into a Management Services Agreement (“Agreement”) with Grosso Group Management Ltd. (Grosso Group) to provide services and facilities to the Company. Grosso Group provides its member companies with administrative and management services. The member companies pay monthly fees to Grosso Group on a cost recovery basis. The fee is based upon a pro-rating of Grosso Group’s costs including its staff and overhead costs among the member companies. The fee is reviewed and adjusted quarterly based on the level of services required. The Agreement expires on December 31, 2022 and is 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.

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6. RELATED PARTY BALANCES AND TRANSACTIONS (continued)

Transactions	Three months ended March 31,	
	2021	2020
	\$	\$
Services rendered:		
Grosso Group Management Ltd.		
Management fees	42,750	43,500
Office & sundry	6,750	18,795
Total for services rendered	49,500	62,295

Key management personnel compensation

Key management personnel of the company are members of the Board of Directors, as well as the Executive Chairman, President and CEO, CFO and Vice President of Corporate Development.

Transactions	Three months ended March 31,	
	2021	2020
	\$	\$
Consulting, salaries and professional fees to key management or their consulting corporations:		
President/CEO/Director Salaries and employee benefits	15,000	15,000
CFO Salaries and employee benefits	3,000	3,000
Directors/Consultants Salaries, employee benefits and professional fees	36,500	36,500
Total for services rendered	54,500	54,500

Transactions	Three months ended March 31,	
	2021	2020
	\$	\$
Amounts owed to related parties		
Payable to Golden Arrow Resources Corp. ⁽¹⁾	50,369	115,401
Payable to Oxbow International Marketing Ltd. ⁽²⁾	368	4,599
Payable to Grosso Group Management Ltd. ⁽²⁾	214,515	6,957
Total shared costs included in accounts payable	265,252	126,957

(1) A company related through common directors that receives reimbursement for shared office costs and overhead.

(2) A company owned by Joseph Grosso of Blue Sky Uranium Corporation.

7. BASIC AND DILUTED LOSS PER SHARE

The calculation of basic and diluted loss per share for the three months ended March 31, 2021 and 2020 was based on the following:

	Three months ended March 31,	
	2021	2020
Loss attributable to common shareholders (\$)	2,666,463	616,724
Weighted average number of common shares outstanding	153,887,250	120,110,232

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7. BASIC AND DILUTED LOSS PER SHARE (continued)

Diluted loss per share did not include the effect of 16,170,000 (March 31, 2020 – 4,395,000) share purchase options and 95,287,347 (March 31, 2020 – 52,636,795) common share purchase warrants as they are anti-dilutive.

8. OPERATING SEGMENTS

The Company is primarily involved in mineral exploration activities in Argentina. The Company is in the exploration stage and, accordingly, has no reportable segment revenues or operating revenues for the three months ended March 31, 2021.

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

	March 31, 2021	
	Argentina	Total
	\$	\$
Mineral property interests	74,729	74,729
	74,729	74,729

	December 31, 2020	
	Argentina	Total
	\$	\$
Mineral property interests	70,876	70,876
	70,876	70,876

9. COMMITMENT

Management Services Agreement

Grosso Group provides its member companies with administrative and management services. The member companies pay monthly fees to Grosso Group on a cost recovery basis. The fee is based upon a pro-rating of Grosso Group's costs including its staff and overhead costs among the member companies. The current fee is \$14,250 per month. This fee is reviewed and adjusted quarterly based on the level of services required.

The table below represents the Company's aggregate commitment to Grosso Group over the term of the Management Services Agreement.

	1 Year	2 Years	3 Years	4-5 Years	More than 5
	\$	\$	\$	\$	Years
Management Services Agreement	128,250	171,000	-	-	-

10. SUPPLEMENTARY CASH FLOW

	Three months ended March 31,	
	2021	2020
	\$	\$
Non-cash investing and financing activities:		
Share issue cost – issuance of warrants to agents	49,008	-
Warrants and agents' warrants expired	-	5,183

Blue Sky Uranium Corp.

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For the three months ended March 31, 2021 and 2020

(Unaudited - Expressed in Canadian Dollars Unless Otherwise Noted)

11. FINANCIAL INSTRUMENTS AND CAPITAL MANAGEMENT

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

(a) Fair Values

The Company's financial instruments recorded at fair value require disclosure about how the fair value was determined based on significant levels of inputs described in the following hierarchy:

Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and value to provide pricing information on an ongoing basis.

Level 2 - Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the market place.

Level 3 - Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

The Company's financial instruments consist of cash, accounts payable, accrued liabilities, interest payable, and loans payable. The recorded amounts approximate their fair value due to their short-term nature.

(b) Financial Instrument Risk Exposure

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Financial instruments that potentially subject the Company to credit risk consist of cash and accounts receivable. The Company has reduced its credit risk by depositing its cash and short-term investments with financial institutions that operate globally. 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. See Note 1 for further information.

Market risk

(i) *Currency risk*

Financial instruments that impact the Company's net earnings or other comprehensive income due to currency fluctuations include: cash, accounts receivable and accounts payable all denominated in United States dollars and Argentinean pesos. A 10% change in US dollar and the Argentinean peso exchange rates relative to Canadian dollar would have insignificant impact on the Company's net and comprehensive loss:

- A 10% change in the US dollar exchange rate relative to the Canadian dollar would change the Company's net loss by approximately \$100.

Blue Sky Uranium Corp.

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(Unaudited - Expressed in Canadian Dollars Unless Otherwise Noted)

11. FINANCIAL INSTRUMENTS AND CAPITAL MANAGEMENT (continued)

- A 10% change in the Argentinean peso exchange rate relative to the Canadian dollar would change the Company's net loss by approximately \$53,000.

(ii) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The fair value of cash approximates its carrying value due to the immediate or short-term maturity of this financial instrument. Other current financial assets and liabilities are not exposed to interest rate risk because they are non-interest bearing or have prescribed interest rates.

(c) Capital Management

The Company's objectives of capital management are intended to safeguard the entity's ability to support the Company's normal operating requirements on an ongoing basis, continue the development and exploration of its mineral properties and support any expansionary plans.

The capital structure of the Company consists of equity attributable to common shareholders, comprised of issued capital, 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. The Company is not subject to any external covenants. There were no changes in the Company's approach to capital management during the three months ended March 31, 2021.