Blue Sky Uranium Corp.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2016 AND 2015

(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 Statements of Financial Position

(Unaudited - Expressed in Canadian Dollars)

	Note	September 30, 2016 $	December 31, 2015 $
ASSETS			
Current assets			
Cash		1,351,367	5,141
Accounts receivable	12	737,918	11,529
Prepaid expenses		223,978	3,771
Total current assets		2,313,263	20,441
Non-current assets			
Mineral property interests	3	32,702	32,702
Total non-current assets		32,702	32,702
Total Assets		2,345,965	53,143
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	6	183,327	411,771
Exploration liabilities		44,855	44,855
Interest payable	4, 6	-	38,513
Loans payable	4, 6	-	261,500
Total liabilities		228,182	762,639
(DEFICIT) EQUITY			
Share capital	5	21,170,778	19,137,576
Reserves	5	5,531,891	4,076,680
Deficit		(24,584,886)	(23,923,752)
Total (deficit) equity		2,117,783	(709,496)
Total (Deficit) Equity and Liabilities		2,345,965	53,143

NATURE OF OPERATIONS AND GOING CONCERN (Note 1)

COMMITMENT (Note 9)

SUBSEQUENT EVENTS (Note 12)

These condensed consolidated interim financial statements are authorized for issue by the Board of Directors on November 24, 2016. They are signed on the Company's behalf by:

"Nikolaos Cacos" , Director

"David Terry" , Director

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

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

		Three months ended September 30,		Nine months ended September 30,	
		2016	2015	2016	2015
	Note	$	$	$	$
Expenses					
Accounting and audit		-	-	160	2,570
Corporate development and investor relations		38,982	813	42,815	5,418
Exploration	3	196,972	9,647	363,662	52,770
Foreign exchange loss (gain)		(28,403)	2,115	(15,676)	1,017
Management fees	6	27,600	-	27,600	-
Office and sundry	6	4,114	1,373	6,614	7,744
Professional fees	6	33,445	15,274	62,863	51,393
Salaries and employee benefits	6	18,000	15,000	100,200	45,000
Transfer agent and regulatory fees		20,654	777	31,238	11,854
Travel		-	-	1,959	-
Loss from operating activities		311,364	44,999	621,435	177,766
Finance expenses	4, 6	-	2,700	19,200	8,700
Interest expense	4, 6	2,891	7,541	20,822	21,618
Interest income		(294)	(30)	(323)	(78)
Loss and comprehensive loss for the period		313,961	55,210	661,134	208,006
Basic and diluted loss per common share ($)	7	0.01	0.02	0.04	0.06

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

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

	Nine months ended September 30,	
	2016	2015
	$	$
Cash flows used in operating activities		
Loss for the period	(661,134)	(208,006)
Finance expenses	-	8,700
Interest expense	-	21,618
	(661,134)	(177,688)
Change in non-cash working capital items:		
(Increase) in amounts receivable	(1,929)	(5,991)
(Increase) decrease in prepaid expenses	(220,207)	3,838
(Decrease) increase in accounts payable and accrued liabilities	(272,957)	96,260
Net cash used in operating activities	(1,156,227)	(83,581)
Cash flows from financing activities		
Issuance of common shares and warrants	2,789,307	-
Share issue costs	(25,354)	-
Loans received	96,000	43,500
Repayment of loans payable	(357,500)	-
Net cash from financing activities	2,502,453	43,500
Net increase (decrease) in cash	1,346,226	(40,081)
Cash at beginning of period	5,141	53,751
Cash at end of period	1,351,367	13,670

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 Equity (Deficit)

(Unaudited - Expressed in Canadian Dollars)

	Share capital		Reserves				
	Number of Shares	**Amount $**	**Contributed Surplus $**	**Equity Settled Share-based Payments $**	**Warrants $**	**Accumulated Deficit $**	**Total $**
Balance at December 31, 2014	3,436,699	19,137,576	3,499,623	379,481	197,576	(23,671,530)	(457,274)
Stock options expired	-	-	53,507	(53,507)	-	-	-
Total comprehensive loss for the period	-	-	-	-	-	(208,006)	(208,006)
Balance at September 30, 2015	3,436,699	19,137,576	3,553,130	325,974	197,576	(23,879,536)	(665,280)
Stock options expired	-	-	122,696	(122,696)	-	-	-
Warrants expired	-	-	39,547	-	(39,547)	-	-
Total comprehensive loss for the period	-	-	-	-	-	(44,216)	(44,216)
Balance at December 31, 2015	3,436,699	19,137,576	3,715,373	203,278	158,029	(23,923,752)	(709,496)
Private placements	42,246,755	2,157,705	-	-	1,356,062	-	3,513,767
Share issue costs	-	(124,503)	-	-	-	-	(124,503)
Agent warrants granted	-	-	-	-	99,149	-	99,149
Stock options expired	-	-	112,235	(112,235)	-	-	-
Warrants expired	-	-	143,090	-	(143,090)	-	-
Agent Warrants expired	-	-	14,939	-	(14,939)	-	-
Total comprehensive loss for the period	-	-	-	-	-	(661,134)	(661,134)
Balance at September 30, 2016	45,683,454	21,170,778	3,985,637	91,043	1,455,211	(24,584,886)	2,117,783

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

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 (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 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 $24,584,886 and shareholders' equity of $2,117,783 at September 30, 2016. In addition, the Company has a working capital of $2,085,081 at September 30, 2016 and negative cash flow from operating activities of $1,880,687. 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. These consolidated 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.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

These interim condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as applicable to interim financial reports including International Accounting Standard 34 'Interim Financial Reporting'.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

These interim condensed consolidated financial statements do not include all the information and note disclosures required by IFRS for annual financial statements and should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2015, which have been prepared in accordance with IFRS, as issued by the International Accounting Standards Board ("IASB") and included in Part 1 of the Handbook of the Chartered Professional Accountants of Canada.

The policies applied in these interim condensed financial statements are the same as those applied in the most recent annual consolidated financial statements and were consistently applied to all the periods presented unless otherwise noted.

Basis of preparation

These condensed consolidated interim financial statements have been prepared on a historical cost basis except for financial instruments classified as available-for-sale that have been measured at fair value. In addition, these consolidated 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 BVI Uranium Corp.	British Virgin Islands	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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

i. The net carrying value of each mineral property is reviewed regularly for conditions that suggest 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 condensed consolidated interim 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.

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:

(Expressed in Canadian Dollars Unless Otherwise Noted)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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. 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.

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 held title to and is continuing to explore as at September 30, 2016:

Acquisition Costs

	Argentina	
	Sierra Colonia $	**Total $**
Balance – December 31, 2015	32,702	32,702
Balance – September 30, 2016	32,702	32,702

Sierra Colonia Property

The Company owns a 100% interest in the 399 km^2 Sierra Colonia property in the central part of the province of Chubut, Argentina.

(Expressed in Canadian Dollars Unless Otherwise Noted)

3. MINERAL PROPERTY INTERESTS (continued)

Exploration Expenditures

	Argentina				
	Santa Barbara $	Anit $	Ivana $	Sierra Colonia $	Total $
Cumulative exploration costs – December 31, 2015	964,017	3,663,595	3,299,168	900,879	8,827,659
Expenditures during the year:					
Assays	-	-	97	-	97
Office	8,939	6,063	11,920	-	26,922
Property maintenance payments	134,055	37,157	64,892	-	236,104
Salaries and contractors	22,397	17,048	38,242	-	77,687
Statutory taxes	6,357	2,389	4,639	-	13,385
Supplies and equipment	-	-	1,348	-	1,348
Travel	967	2,249	4,903	-	8,119
	172,715	64,906	126,041	-	363,662
Cumulative exploration costs – September 30, 2016	1,136,732	3,728,501	3,425,209	900,879	9,191,321

The schedules below summarize the acquisition costs and all exploration expenditures incurred to date for each mineral property interest that the Company held title to and was continuing to explore as at September 30, 2015:

Acquisition Costs

	Argentina	
	Sierra Colonia $	Total $
Balance – December 31, 2015	32,702	32,702
Balance – September 30, 2015	32,702	32,702

Exploration Expenditures

	Argentina				
	Santa Barbara $	Anit $	Ivana $	Sierra Colonia $	Total $
Cumulative exploration costs – December 31, 2014	964,017	3,662,898	3,287,034	850,571	8,764,520
Expenditures during the period:					
Office	-	-	183	11,647	11,830
Property maintenance payments	173	614	7,906	4,829	13,522
Salaries and contractors	-	-	562	19,283	19,845
Statutory taxes	29	103	1,450	5,991	7,573
	202	717	10,101	41,750	52,770
Cumulative exploration costs – September 30, 2015	964,219	3,663,615	3,297,135	892,321	8,817,290

(Expressed in Canadian Dollars Unless Otherwise Noted)

4. LOANS PAYABLE

At September 30, 2016, the Company did not have any loans payable. 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 during the nine months ended September 30, 2016. See Related Party Balances and Transactions (Note 6) for further information.

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
			$261,500

$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 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 totalling $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.

$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 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 totalling $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.

$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 totalling $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.

4. LOANS PAYABLE (continued)

$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 totalling $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 Note 6 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.

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

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 2016

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 units bear a legend for automatic timed release free trading in three installments: (1) 15% of the units four months from the issue; (2) 35% of the units six months from issue; and (3) 50% of the units ten months from the issue. 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. Finder's fees were $17,982 in cash and 378,000 non-transferable warrants exercisable into common shares at $0.10 for one year from the date of issue subject to the same legend for automatic timed release free trading and accelerated exercise provisions as set out above. Fair value was calculated using the following Black-Scholes pricing model variables: risk-free interest rate – 0.49%; expected stock price volatility – 184.49%; dividend yield – 0%; and expected warrant life – 0.577 years.

(Expressed in Canadian Dollars Unless Otherwise Noted)

5. SHARE CAPITAL AND RESERVES (continued)

On September 19, 2016, the Company completed a non-brokered private placement financing of 4,246,755 units at a price of $0.38 per unit for gross proceeds of $1,613,767. 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 $0.50 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. Finder's fees were $7,372 in cash and 141,386 non-transferable warrants exercisable into common shares at $0.50 for two years from the date of issue. Fair value was calculated using the following Black-Scholes pricing model variables: risk-free interest rate – 0.58%; expected stock price volatility – 175.04%; dividend yield – 0%; and expected warrant life – 0.705 years.

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. 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 vest immediately, are subject to a four-month hold period and are generally exercisable for a period of five years.

The continuity of share purchase options for the nine months ended September 30, 2016 is as follows:

Expiry date	Exercise Price	December 31, 2015	Granted	Exercised	Expired/ Forfeited	September 30, 2016	Options Exercisable
January 23, 2016	$1.00	30,000	-	-	(30,000)	-	-
March 2, 2016	$10.81	6,413	-	-	(6,413)	-	-
May 31, 2016	$22.00	6,000	-	-	(6,000)	-	-
September 25, 2016	$10.00	2,000	-	-	(2,000)	-	-
September 24, 2017	$1.20	93,500	-	-	-	93,500	93,500
		137,913	-	-	(44,413)	93,500	93,500
Weighted average exercise price ($)		2.64	-	-	5.66	1.20	1.20
Weighted average contractual remaining life (years)		1.2	-	-	-	1.0	1.0

(Expressed in Canadian Dollars Unless Otherwise Noted)

5. SHARE CAPITAL AND RESERVES (continued)

The continuity of share purchase options for the nine months ended September 30, 2015 is as follows:

Expiry date	Exercise Price	December 31, 2014	Granted	Exercised	Expired/ Forfeited	September 30, 2015	Options Exercisable
March 4, 2015	$5.15	3,886	-	-	(3,886)	-	-
March 15, 2015	$73.00	1,000	-	-	(1,000)	-	-
October 5, 2015	$26.00	7,250	-	-	-	7,250	7,250
December 10, 2015	$11.58	2,526	-	-	-	2,526	2,526
January 23, 2016	$1.00	30,000	-	-	-	30,000	30,000
March 2, 2016	$10.81	6,413	-	-	-	6,413	6,413
May 31, 2016	$22.00	6,000	-	-	-	6,000	6,000
September 25, 2016	$10.00	2,000	-	-	-	2,000	2,000
September 24, 2017	$1.20	93,500	-	-	-	93,500	93,500
		152,575	-	-	(4,886)	147,689	147,689
Weighted average exercise price ($)		4.42	-	-	19.04	3.94	3.94
Weighted average contractual remaining life (years)		2.1	-	-	-	1.4	1.4

Warrants

The continuity of warrants for the nine months ended September 30, 2016 is as follows:

Expiry date	Exercise Price	December 31, 2015	Granted	Exercised	Expired	September 30, 2016
January 28, 2016	$1.00	211,788	-	-	(211,788)	-
March 3, 2016	$1.00	353,480	-	-	(353,480)	-
April 13, 2016	$1.00	151,100	-	-	(151,100)	-
April 24, 2016	$1.00	64,800	-	-	(64,800)	-
July 4, 2017	$0.10	-	38,378,000	-	-	38,378,000
September 18, 2018	$0.50	-	4,388,141	-	-	4,388,141
		781,168	42,766,141	-	(781,168)	42,766,141
Weighted average exercise price ($)		1.00	0.14	-	1.00	0.14

The continuity of warrants for the nine months ended September 30, 2015 is as follows:

Expiry date	Exercise Price	December 31, 2014	Granted	Exercised	Expired	September 30, 2015
December 19, 2015	$1.00	230,000	-	-	-	230,000
January 28, 2016	$1.00	211,788	-	-	-	211,788
March 3, 2016	$1.00	353,480	-	-	-	353,480
April 13, 2016	$1.00	151,100	-	-	-	151,100
April 24, 2016	$1.00	64,800	-	-	-	64,800
		1,011,168	-	-	-	1,011,168
Weighted average exercise price ($)		1.00	-	-	-	1.00

(Expressed in Canadian Dollars Unless Otherwise Noted)

6. RELATED PARTY BALANCES AND 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 September 30, 2016			Three months ended September 30, 2015		
Compensation	Salaries $	Other $	Total $	Salaries $	Other $	Total $
Chief Executive Officer	15,000	-	15,000	15,000	-	15,000
Chief Financial Officer	3,000	-	3,000	3,000	-	3,000
Total	18,000	-	18,000	18,000	-	18,000

	Nine months ended September 30, 2016			Nine months ended September 30, 2015		
Compensation	Salaries $	Other $	Total $	Salaries $	Other $	Total $
Chief Executive Officer	45,000	-	45,000	45,000	-	45,000
Chief Financial Officer	3,000	27,000	30,000	-	-	-
Total	48,000	27,000	75,000	45,000	-	45,000

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 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.

(Expressed in Canadian Dollars Unless Otherwise Noted)

6. RELATED PARTY BALANCES AND TRANSACTIONS (continued)

	Three months ended September 30,		Nine months ended September 30,	
	2016	2015	2016	2015
Transactions	$	$	$	$
Services rendered:				
Grosso Group Management Ltd.				
Management fees	27,600	-	27,600	-
Office & sundry	2,400	-	2,400	-
Total for services rendered	30,000	-	30,000	-

At September 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. (See Note 9)

Oxbow International Marketing Corp. ("Oxbow") is a private company controlled by Mr. Joseph Grosso. For the three months ended September 30, 2016, Oxbow was paid $12,500 (three months ended September 30, 2015 - $12,500) for management consulting services. For the nine months ended September 30, 2016, Oxbow was paid $37,500 (nine months ended September 30, 2015 - $37,500) for management consulting services. Amounts paid to Oxbow are classified as professional fees in the consolidated statements of loss and comprehensive loss.

At September 30, 2016, the Company had $200 (December 31, 2015 - $90,708) included in accounts payable and accrued liabilities to Oxbow.

At September 30, 2016, the Company has $Nil (December 31, 2015 - $83,500) included in loans payable, $Nil (December 31, 2015 - $8,339) in interest payable and $Nil (December 31, 2015 - $16,700) in finance expenses included in accounts payable and accrued liabilities to Mr. Joseph Grosso. The Company repaid the principal balances of all of the Company's loans received from Mr. Joseph Grosso together with the arrangement fees and all accrued and unpaid interest totaling $235,256 during the nine months ended September 30, 2016.

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 September 30 2016, Vinland Holdings was paid $Nil (three months ended September 30, 2015 - $Nil) for geological services. For the nine months ended September 30 2016, Vinland Holdings was paid $25,200 (nine months ended September 30, 2015 - $Nil) for geological services. Amounts paid to Vinland Holdings are classified as salaries in the consolidated statements of loss and comprehensive loss.

Other

At September 30, 2016, the Company had severance of $Nil (December 31, 2015 - $27,500) included in accounts payable and accrued liabilities to Mr. Sean Hurd, former director and CEO of the Company.

(Expressed in Canadian Dollars Unless Otherwise Noted)

7. BASIC AND DILUTED LOSS PER SHARE

The calculation of basic and diluted loss per share for the three and nine months ended September 30, 2016 and 2015 was based on the following:

	Three months ended September 30,		Nine months ended September 30,	
	2016	2015	2016	2015
Loss attributable to common shareholders ($)	313,961	55,210	661,134	208,006
Weighted average number of common shares outstanding	39,879,246	3,436,699	15,672,883	3,436,699

Diluted loss per share did not include the effect of 93,500 (September 30, 2015 – 147,689) share purchase options and 42,766,141 (September 30, 2015 – 1,011,168) 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 nine months ended September 30, 2016 and 2015.

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

	September 30, 2016	
	Argentina $	Total $
Mineral property interests	32,702	32,702
	32,702	32,702

	December 31, 2015	
	Argentina $	Total $
Mineral property interests	32,702	32,702
	32,702	32,702

9. COMMITMENT

Management Services Agreement

	1 Year $	2 Years $	3 Years $	4-5 Years $	More than 5 Years $
Management Services Agreement	90,000	-	-	-	-

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 monthly fee is $30,000 per month. This fee is reviewed and adjusted quarterly based on the level of services required.

(Expressed in Canadian Dollars Unless Otherwise Noted)

10. SUPPLEMENTARY CASH FLOW INFORMATION

	Three months ended September 30,		Nine months ended September 30,	
	2016	2015	2016	2015
	$	$	$	$
Non-cash investing and financing activities				
Share issue costs – issuance of warrants to agents	99,149	-	99,149	-

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, amounts receivable, exploration liabilities, accounts payable and accrued liabilities, interest payable and loans payable. The recorded amounts for cash, amounts receivable, exploration liabilities, loans payable, interest payable and accounts payable and accrued liabilities 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.

11. FINANCIAL INSTRUMENTS AND CAPITAL MANAGEMENT (continued)

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, 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 September 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 $5,238.

- A 10% change in the Argentinean peso exchange rate relative to the Canadian dollar would change the Company's net loss by $4,437.

(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.

12. SUBSEQUENT EVENTS

Subsequent to September 30, 2016, the following events took place:

- 78,000 warrants were exercised at a price of $0.10 per warrant for gross proceeds of $7,800.
- The Company collected $640,750 of its accounts receivable owing as at September 30, 2016.