

BLUE SKY URANIUM CORP.

(formerly Mulligan Capital Corp.)

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2008

Introduction

The following management discussion and analysis of the financial position and results of operation is prepared as of November 26, 2008 and should be read in conjunction with the Company's unaudited interim consolidated financial statements for the nine months ended September 30, 2008 and 2007 and audited annual consolidated financial statements and related notes for the years ended December 31, 2007 and 2006. The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP"). Except as otherwise disclosed, all dollar figures included therein and in the management discussion and analysis ("MD&A") are quoted in Canadian dollars. Additional information relevant to the Company's activities, can be found on SEDAR at www.sedar.com.

Forward Looking Statements

Certain of the statements made and information contained herein is "forward- looking information" within the meaning of the Ontario Securities Act. Forward-looking statements are subject to a variety of risks and uncertainties which could cause actual events or results to differ from those reflected in the forward-looking statements, including, without limitation, risks and uncertainties relating to foreign currency fluctuations; risks inherent in mining including environmental hazards, industrial accidents, unusual or unexpected geological formations, risks associated with the estimation of mineral resources and reserves and the geology, grade and continuity of mineral deposits; the possibility that future exploration, development or mining results will not be consistent with the Company's expectations; the potential for and effects of labour disputes or other unanticipated difficulties with or shortages of labour; the inherent uncertainty of future production and cost estimates and the potential for unexpected costs and expenses, commodity price fluctuations; uncertain political and economic environments; changes in laws or policies, foreign taxation, delays or the inability to obtain necessary governmental permits; and other risks and uncertainties, including those described under Risk Factors Relating to the Company's Business in the Company's Annual Information Form that can be found on the SEDAR website and in each MD&A. Forward-looking information is, in addition, based on various assumptions including, without limitation, the expectations and beliefs of management, the assumed long term price of uranium; that the Company can access financing, appropriate equipment and sufficient labour and acquire all government permits and licenses to extract uranium. Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in forward-looking statements. Accordingly, readers are advised not to place undue reliance on forward-looking statements.

Company Overview

The interim consolidated financial statements have been prepared on a going concern basis in accordance with Canadian generally accepted accounting principles ("Canadian GAAP"). The going concern basis of presentation assumes the Company will continue to operate for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business. The Company has incurred significant losses and negative cash flow from operations since inception. The Company has funded operations through equity financings and without additional future financings there is substantial doubt concerning the Company's ability to continue as a going concern. Management intends to raise further financing in the future. There can be no assurance that future financing can be successfully concluded. These consolidated financial statements do not reflect adjustments to the carrying value of assets and liabilities, the reported income and expenses and balance sheet classifications used that would be necessary if the going concern assumption were not appropriate. Such adjustments could be material.

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

On May 18, 2006, the Company received final receipts for a prospectus and became a reporting issuer in the Provinces of British Columbia and Alberta. On June 27, 2006, the Company completed its initial public offering (the "Offering") to

raise \$250,000 and on June 28, 2006, listed its common shares on the TSX Venture Exchange ("TSX-V") as a capital pool company.

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

On February 27, 2008, the Company entered into a Letter of Agreement to acquire 100% of the shares of Argentina Uranium Corp., thereby gaining control of over a 500,000 plus hectare uranium land package in Argentina. With this acquisition, the Company will become one of the largest uranium explorers in Argentina. On July 8, 2008, the Company completed the acquisition of 100% of the shares of Argentina Uranium Corp by issuing 8.295 million shares at a deemed price of \$0.30 per share.

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

Properties

Canada

Eagle Lake and Karin Lake Projects, Saskatchewan

The Eagle Lake and Karin Lake Projects are two adjacent properties located in north-central Saskatchewan, approximately 190km north of La Ronge and 45 kms southeast of Cameco's Key Lake uranium mine. The Company is earning a 60% interest in the projects which cover 69,000 hectares.

On August 22, 2008 the Company gave notice that it was terminating its option on the Eagle Lake Property and the Karin Lake Property.

Colombia

In May 2008 the Company terminated its uranium exploration activities in Colombia and Company operations are in the process of being liquidated.

Argentina

Argentinean Properties

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

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

In September 2007 the Company contracted with New Sense Geophysics Ltd. to perform a fixed wing airborne magnetic/spectrometer survey of 3,000 km² of the Argentina Uranium claims in northern Rio Negro province. This survey identified two highly anomalous zones of uranium mineralization which are referred to as the Santa Barbara and

Anit areas. A detailed surface exploration program was developed to investigate these anomalous zones through surface sampling, spectrometer surveys, auguring and radon soil analysis. This program was flown in early 2008.

Santa Barbara Property

In May 2007 the Company announced it has signed a letter of intent to earn a 75% interest in the 60,000 hectare Santa Barbara uranium property in the Province of Rio Negro, located in the northern portion of the Patagonia region of Argentina. The Santa Barbara uranium project is a new discovery made by Dr. Jorge Berizzo.

The Santa Barbara uranium property hosts Triassic-Jurassic igneous and volcanoclastic units that are overlain by sub-horizontal, Cretaceous continental sedimentary rocks. Tertiary basaltic flows partially cover the Mesozoic rocks. In general, the topography is flat with scarce and small hills interrupted by basalt plateaus. The region is semi-desert and it is characterized by sparse scrub vegetation. The uranium mineralization identified to date on the Santa Barbara property is hosted by flat lying continental fluvial Upper Cretaceous calcite-cemented conglomerate and sandstone interlayered between limonitic mudstones with high gypsum contents and is being interpreted as a calcrete paleochannel type uranium occurrence similar in style to known deposits in Namibia and Western Australia.

In 2007, the Company completed a phase I reconnaissance sampling and scintillometer surveying program on the Santa Barbara property. The program was designed to substantiate the information provided by Argentina Uranium and to delineate the continuity and extent of radiometric anomalies and mineralization in the area. Results from the program confirm Argentina Uranium's information. In the initial discovery area grab samples returned grades up to 13,400 ppm U. Also, preliminary prospecting traverses completed around the initial radiometric anomaly outlined a 1km long, continuous anomaly with readings >100 counts per second. Additional traverses identified 4 clusters of significant radiometric anomalies to the southwest up to 11km away from the initial discovery. The new anomalies are located along a linear northeast-southwest trending belt (or structure) that has only been partially surveyed. Although the continuity between the four anomaly clusters has not been verified, they represent an 11km long trend open in both directions.

The airborne survey identified three northeast trending zones of uranium mineralization, each approximately 11 km, 6.5km and 5km in length and varying up to 1 km in width.

The Company completed additional radon soil gas surveys over the three anomalous zones of uranium identified in the airborne survey and over a new trend of mineralization in cateo 33046-M-2008 referred to as the Salado area. Radon (Rn^{222}) is a radioactive decay product of naturally occurring uranium (U^{238}) and can be used as an exploration tool to identify uranium mineralization that might not be detectable in an airborne survey. It is also highly useful in identifying geologic structures (faults) that might be responsible for localizing the uranium mineralization. Radon gas concentrations were determined at 2,163 stations along 400m-spaced survey lines over a total area of 4,000 hectares of the Santa Barbara property. High Rn^{222} concentrations closely correlate with the limits of the three airborne anomalies. Radon survey data do correspond well to those of the airborne survey. Some southern, lateral offset of zones of high Rn^{222} values of 500 - 1,000m is apparent in the northern and southern anomalies. The cause(s) of these offsets is unclear, but groundwater transport displacement or structural channelling may be possible causes.

A surface survey of the three zones of anomalous radioactivity was conducted along the 400m spaced grid with a Radiation Solutions Inc. RS-125 spectrometer to measure surface radioactivity and the abundances of uranium potassium and thorium. The uranium data closely track the airborne anomalies and define new zones along the northern edge of the airborne survey limit.

Geological mapping, auger sampling and the radon gas survey defined a new zone of uranium mineralization that is offset approximately 2 km to the north of the existing three known anomalous zones. This new zone does not display a strong radiometric footprint – either in the airborne or ground spectrometer surveys. Uranium mineralization is visible in augered holes at a depth of approximately 30cm and can increase to a measured (maximum) thickness of 2 m. Augering of saltbed ('salar') deposits to a depth of 3m revealed many carbonaceous horizons, but chemical analyses of these strata identified no uranium concentrations.

Chemical analysis of rock and soil samples were been performed by SGS Del Peru S.A.C. and Alex Stewart Laboratories, both internationally recognized analytical service providers. The information above has been reviewed by Dr. Ron McMillan, P.Geo., a consultant to and director of the Company, and a Qualified Person.

With respect to regulatory matters, the Company has obtained the written consent of all landowners in the Santa Barbara project area to permit Company geologists to access the land so as to be able to undertake geological investigations. These letters were submitted to the Rio Negro Mining authority as part of the process of granting legal title to the

Company's mining claims. Environmental Assessments have also been prepared and submitted for each of the eleven mining claims.

Anit Property

As a result of the ongoing review of Argentina Uranium's properties, the Company announced in January 2008 it signed a letter of intent to earn a 75% interest in the 128,689 hectare "Anit" uranium property in the Province of Rio Negro, Argentina.

In order to earn a 75% undivided interest in the Anit property the Company must complete \$2.0 million in exploration expenditures over 4 years. As a result of the acquisition of Argentina Uranium on July 8, 2008, the Company owns 100% of the property and the terms of the Anit letter of intent are no longer applicable. Official title for the Anit exploration permits has not yet been granted. The permit applications are shown on the tenure maps for the Province of Rio Negro and are expected to be officially granted upon completion of consultation with the owners of the relevant surface rights.

The airborne radiometric survey over the Anit project identified a 15 kilometre long and up to 1.5 kilometre wide uranium anomaly. The Company's and Argentina Uranium's technical teams followed up to ground truth the anomaly and immediately located several rock samples with visible uranium mineralization along a freshly graded gravel road that intersects a portion of the anomaly. The Anit project has had no prior exploration history and represents a brand new grassroots uranium discovery.

The eastern part of the Anit anomaly was detected while flying East-West, 1-kilometre spaced flight lines and the western part was defined by North-South lines flown a few days later. Airborne uranium gamma ray spectrometry results higher than 30 counts per second (CPS) delimit the Anit anomaly. A west-northwest trending anomaly with readings over 50 CPS and up to 138 CPS represents the core of the Anit anomaly. Thorium readings are homogeneous and low (23 CPS average) throughout the Anit anomaly. Regional geologic maps (1:250,000 scale) show that early Cretaceous sandstone and conglomerate underlie the Anit anomaly. Late Tertiary and Quaternary gravel and sand deposits cover the early Cretaceous rocks. At this early stage of exploration, Blue Sky interprets the Anit anomaly to be a calcrete paleochannel type uranium occurrence similar in style to known deposits in Namibia and Western Australia.

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

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

Selected Financial Data and Second Quarter Discussion

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

	2008			2007				2006
	Sep. 30 \$	Jun. 30 \$	Mar. 31 \$	Dec. 31 \$	Sept. 30 \$	Jun. 30 \$	Mar. 31 \$	Dec. 31 \$
Revenues	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Net Loss	(422,733)	(2,738,701)	(596,386)	(402,262)	(640,596)	(457,942)	(367,903)	(59,687)
Net Loss per Common Share Basic and Diluted	(0.02)	(0.15)	(0.03)	(0.02)	(0.04)	(0.03)	(0.03)	(0.00)

For the three months ended September 30, 2008, the Company recorded a net loss of \$422,733 a decrease in loss of \$217,863 from the net loss of \$640,596 in the three months ended September 30, 2007. The decrease in loss is primarily a result of:

- (i) Consulting fees increased by \$29,927 to \$40,177 in the 2008 period compared to \$10,250 in the 2007 period as the company utilized more geological consultants and professional services in the 2008 period.

- (ii) Corporate development and investor relations decreased by \$138,616 to \$11,499 in the 2008 period compared to \$150,115 in the 2007 period as a result of decreased activities in investor relations and attendance at investor conferences.
- (iii) General exploration decreased by \$153,441 to \$137,939 in the 2008 period compared to \$291,380 in the 2007 period due to a significant portion of the 2007 costs in Argentina being written off to general exploration as they were not related to any specific projects. The costs primarily relate to the Company's exploration activities in Argentina and Colombia.
- (iv) Office expense decreased by \$51,710 to \$30,485 in the 2008 period compared to \$82,195 in the 2007 period as a result of decreased activities during the period. Office expenses include an allocation of fees from Grosso Group Management Ltd. ("Grosso Group").
- (v) Professional fees increased by \$14,259 to \$30,377 in the 2008 period compared to \$16,118 in the 2007 period due to costs associated with the acquisition of Argentina Uranium.
- (vi) Salaries and benefits increased by \$39,290 to \$114,521 in the 2008 period compared to \$75,231 in the 2007 period as a result of hiring additional staff during 2008. Salaries include an allocation of fees from Grosso Group.
- (vii) Transfer agent and regulatory fees increased by \$28,018 to \$31,667 in the 2008 period compared to \$3,649 in the 2007 period due to the acquisition of Argentina Uranium.
- (viii) Travel and accommodation decreased by \$21,333 to \$8,309 in the 2008 period compared to \$29,642 in the 2007 period as a result of decreased business travel activities incurred in the 2008 period.

Summary of Financial Results

For the nine months ended September 30, 2008, the Company reported a consolidated loss of \$3,757,820 (\$0.18 per share), an increase of \$2,291,379 from the loss of \$1,466,441 (\$0.09 per share) for the nine months ended September 30, 2007. The increase in the loss in 2008 period, compared to the 2007 amount, was due to a number of factors of which \$71,013 can be attributed to increases in operating expenses and by a \$2,220,366 decrease in other income items, which includes a write-off of mineral properties of \$2,148,392 incurred in 2008 period.

During the nine months ending September 30, 2008 the Company capitalized \$1,202,535 of expenditures on the Santa Barbara property, \$1,004,990 on the Anit property, \$237,579 on the Cabeza de Potro property, \$129,754 on the Nicky property, \$181,656 on La Rioja property, \$259,508 on the Chubut property and \$77,852 on the Santa Cruz property in Argentina. Included in the amounts capitalized above is \$2,595,080 which is a direct result of the acquisition of Argentina Uranium. In addition, as a result of differences in the book value and tax value of the mineral property interests acquired, the Company has recorded a future income tax liability of \$800,453 with a corresponding amount capitalized to mineral property interests. See the "Exploration Projects" section above for further discussion.

Liquidity and Capital Resources

The Company's cash position at September 30, 2008 was \$432,242, an increase of \$261,186 from the December 31, 2007 balance of \$171,056. Short-term investments balance decreased to \$Nil at September 30, 2008 from \$1,541,655 at December 31, 2007. Total assets increased to \$4,466,425 at September 30, 2008 from \$3,483,800 at December 31, 2007. This increase is mainly due to the acquisition of Argentina Uranium, slightly offset by the decrease in the short-term investment balance and write-off to the Eagle and Karin Lake mineral properties.

As of November 26, 2008 the Company had working capital of approximately \$535,400. The Company presently does not have adequate resources to maintain its core activities for the next fiscal year and does not have sufficient working capital to fund all its planned exploration activities. The Company will continue to rely on successfully completing additional equity financing to maintain its core activities and further exploration of its properties in the Argentina. There can be no assurance that the Company will be successful in obtaining the required financing. The failure to obtain such financing could result in the loss of the Company's interest in one or more of its mineral claims.

As the Company is an exploration stage company, revenues are limited to interest earned on cash held with the

Company's financial institutions. During the nine months ended September 30, 2008, the Company earned \$16,691 in interest income (2007 – \$76,011).

On July 2, 2008 the Company completed a non-brokered private placement in which it issued a total of 330,000 units at \$0.30 per unit for aggregate gross proceeds of \$99,000. Each unit consisted of one common share of the Company and one half of one transferable common share purchase warrant. Each whole warrant entitles the holder to acquire one additional common share at an exercise price of \$0.40 per common share for a period of eighteen months.

On July 3, 2008 the Company completed a financing by way of short form offering document. The financing consisted of 2,247,000 units at a price of \$0.30 per Unit for gross proceeds of \$674,100. Each Unit consists of one common share of the Company and one-half of one transferable common share purchase warrant. Each Warrant entitles the holder to acquire one additional Share at an exercise price of \$0.40 per share until February 5, 2010 and are transferable in accordance with the rules of the TSX Venture Exchange.

On September 17, 2008 the Company completed the first tranche of the non-brokered private placement announced on September 12, 2008 consisting of 2.75 million units at a price of \$0.12 per Unit for gross proceeds of \$330,000. Each Unit consists of one common share and one non-transferable share purchase warrant. Each warrant will entitle the holder thereof to purchase one additional common share in the capital of the company at a price of \$0.18 per share in year one and \$0.20 per share in year two. The securities are subject to a 4 month hold period which will expire January 17, 2009 and the warrants will be exercisable up to and including September 17, 2010.

On October 29, 2008 the Company closed the second and final tranche of the non-brokered private placement announced on September 12, 2008. The second and final tranche consisted of 5,583,333 units at a price of \$0.12 per Unit. Each Unit consists of one common share and one non-transferable share purchase warrant. Each warrant will entitle the holder thereof to purchase one additional common share in the capital of the company at a price of \$0.18 cents per share until October 29, 2009 and \$0.20 cents per share in the second year expiring on October 29, 2010. The shares issued will be subject to a four month hold period expiring on March 1, 2009.

The Company received \$14,278 from the exercise of warrants from January 1, 2008 to September 30, 2008 (2007 - \$4,272). No options were exercised in the 2008 or 2007 periods.

The Company does not know of any trends, demand, commitments, events or uncertainties that will result in, or that are reasonably likely to result in, its liquidity either materially increasing or decreasing at present or in the foreseeable future. Material increases or decreases in liquidity are substantially determined by the success or failure of the exploration programs. The Company does not have any loans or bank debt and there are no restrictions on the use of its cash resources.

Operating Cash Flow

Cash outflow from operating activities was \$1,526,973 for the nine months ended September 30, 2008 compared to cash outflow of \$1,113,326 for the 2007 period as a result of the increase in operating activities.

Financing Activities

For the nine months ended September 30, 2008 the Company received \$1,103,100 from a private placement less share issue costs of \$153,638 and \$14,278 from the exercise of agent's warrants. For the period ended September 30, 2007, the Company received \$3,304,072 from private placements less share issue costs of \$402,055.

Investing Activities

Investing activities generated cash of \$824,419 during the nine months ended September 30, 2008, compared to \$2,539,920 consumed in the 2007 period, primarily a result of a reduction to short-term investments in 2008 compared to an increase in the 2007 period.

Related Parties Transactions.

Effective March 1, 2007 the Company engaged Grosso Group Management Ltd. ("Grosso Group") to provide services and facilities to the Company. The Grosso Group is a private company owned by the Company, IMA Exploration Inc. ("IMA") and Golden Arrow Resources Corporation ("Golden Arrow"), each of which owns one share. The Grosso

Group provides its shareholder companies with geological, corporate development, administrative and management services. The shareholder companies pay monthly fees based upon a pro-rating of the Grosso Group's costs including its staff and overhead costs among each shareholder company with regard to the mutually agreed average annual level of services provided to each shareholder company. During the nine months ended September 30, 2008, the Company incurred fees of \$523,803 (2007 - \$217,760) from the Grosso Group: \$473,907 (2007 - \$175,078) was paid in monthly installments and \$49,896 (2007 - \$42,682) is included in accounts payable and accrued liabilities as a result of a review of the allocation of the Grosso Group costs to the member companies for the period. Prior to becoming a shareholder, the Company retained the Grosso Group's services from October 1, 2006 to February 28, 2007, for a monthly fee of \$4,000. Accordingly, during the nine months ended September 30, 2007, the Company incurred additional fees of \$8,000 from the Grosso Group.

As at September 30, 2008, a \$50,000 (2007 - \$10,000) deposit to the Grosso Group is included in prepaid expenses.

Effective May 31, 2008 Astral Mining Corporation withdrew as a shareholder of Grosso Group and discontinued the use of the services and facilities provided.

Effective September 1, 2008 Amera Resources Corporation withdrew as a shareholder of Grosso Group and discontinued the use of the services and facilities provided.

The Company, Golden Arrow and IMA share office space and costs in Buenos Aires, Argentina.

During the nine months ended September 30, 2008, the Company incurred \$11,772 (2007 - \$32,105) for geological consulting services, including travel expenses, provided by a private corporation owned by a director of the Company. Of these costs \$3,200 were recorded in mineral properties and deferred costs and \$8,572 were expensed during the year.

During the nine months ended September 30, 2008, the Company incurred fees and expenses of \$29,301 for consulting and management services provided by a director of the Company.

Effective May 1, 2007, the Company entered into an agreement with IMA to pay a monthly fee for the services provided IMA's Chief Executive Officer. The agreement may be terminated at any time by the Company upon 30 days written notice. For the nine months ended September 30, 2008, the Company paid \$10,000 to IMA for the services. The Company terminated this agreement effective June 30, 2008.

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

Contractual Commitments

As of September 30, 2008, the Company did not have any option payment or expenditure commitments in relation to its mineral property projects. On August 22, 2008 the Company gave notice that it was terminating its option on the Eagle Lake and Karin Lake properties. As a result, the commitments related to these agreements have not been included.

Critical Accounting Policies

Reference should be made to the Company's significant accounting policies contained in Note 2 of the Company's consolidated financial statements for the period ended September 30, 2008. These accounting policies can have a significant impact on the financial performance and financial position of the Company.

Recent Accounting Pronouncements

Effective January 1, 2008, new accounting standards were issued by the CICA which may impact the Company in the future as follows:

General Standards on Financial Statement Presentation

CICA Handbook Section 1400, *General Standards on Financial Statement Presentation*, has been amended to include requirements to assess and disclose a company's ability to continue as a going concern. The

changes are effective for interim and annual financial statements beginning January 1, 2008. The adoption of this standard did not have an effect on the Company for the nine months ended September 30, 2008.

Capital Disclosures

CICA Handbook Section 1535, *Capital Disclosures*, establishes standards for disclosing information about the Company's capital and how it is managed. Under this standard the Company will be required to disclose the following, based on the information provided internally to the Company's key management personnel:

- (i) qualitative information about its objectives, policies and processes for managing capital.
- (ii) summary quantitative data about what it manages as capital.
- (iii) whether during the period it complied with any externally imposed capital requirements to which it is subject.
- (iv) when the Company has not complied with such externally imposed capital requirements, the consequences of such non-compliance.

This standard is effective for interim and annual financial statements beginning on January 1, 2008. The adoption of this change on the disclosure in the financial statements did not have an effect on the Company for the nine months ended September 30, 2008.

Goodwill and Intangible Assets

CICA Handbook Section 3064, *Goodwill and Intangible Assets*, establishes revised standards for recognition, measurement, presentation and disclosure of goodwill and intangible assets. Concurrent with the introduction of this standard, the CICA withdrew EIC 27, Revenues and Expenses, during the pre-operating period. As a result of the withdrawal of EIC 27, companies will no longer be able to defer costs and revenues incurred prior to commercial production at new mine operations. The changes are effective for interim and annual financial statements beginning January 1, 2009. The Company has not yet determined the impact of the adoption of this change on the disclosure in its consolidated financial statements.

Financial Instruments Disclosures

In March 2007, the CICA issued Section 3862 *Financial Instruments – Disclosures*, and Section 3863 *Financial Instruments – Presentation*, which together comprise a complete set of disclosure and presentation requirements that revise and enhance current disclosure requirements. Section 3862, requires disclosure of additional detail by financial asset and liability categories. Section 3863, establishes standards for presentation of financial instruments and non-financial derivatives. The standard deals with the classification of financial instruments, from the perspective of the issuer, between liabilities and equity, the classification of related interest, dividends, losses and gains, and the circumstances in which financial assets and financial liabilities are offset. The adoption of this change on the disclosure in the financial statements did not have an effect on the Company for the nine months ended September 30, 2008.

International Financial Reporting Standards ("IFRS")

In 2006, the Canadian Accounting Standards Board ("AcSB") published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008 the AcSB announced that the date for publicly-listed companies to use IFRS, replacing Canadian GAAP, is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended December 31, 2010. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

Use of Estimates

The preparation of financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the period. Significant areas requiring the use of management estimates relate to the determination of environmental obligations and assessment of carrying values of mineral properties and deferred costs. Actual results may differ from these estimates.

Mineral Properties and Deferred Costs

Consistent with the Company's accounting policies disclosed in Note 2 of the annual consolidated financial statements, direct costs related to the acquisition and exploration of mineral properties held or controlled by the Company have been capitalized on an individual property basis. It is the Company's policy to expense any exploration associated costs not related to specific projects or properties. Management of the Company periodically reviews the recoverability of the capitalized mineral properties. Management takes into consideration various information including, but not limited to, results of exploration activities conducted to date, estimated future metal prices, and reports and opinions of outside geologists, mine engineers and consultants. When it is determined that a project or property will be abandoned or its carrying value has been impaired, a provision is made for any expected loss on the project or property. During the period ended September 30, 2008, mineral properties in the amount of \$2,148,392 were written off.

Financial Instruments

The Corporation's financial instruments consist of cash, amounts receivable, prepaids, and accounts payable and accrued liabilities. The fair values of these financial instruments approximate their carrying values due to the short-term nature of these instruments.

Risk Factors

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

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

Some of the Company's mineral properties are located in Argentina and consequently the Company is subject to certain risks, including currency fluctuations and possible political or economic instability which may result in the impairment or loss of mining title or other mineral rights, and mineral exploration and mining activities may be affected in varying degrees by political stability and governmental regulations relating to the mining industry. For a more complete discussion of these risks and others, reference should be made to the December 31, 2007 Management Discussion and Analysis and Annual Information Form.

Disclosure Controls and Procedures and Internal Control over Financial Reporting

Disclosure controls and procedures are defined under Multilateral Instrument 52-109 - Certification of Disclosure Controls in Issuers' Annual and Interim Filings ("MI 52-109") as "... controls and other procedures of an issuer that are designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted by it under provincial and territorial securities legislation is recorded, processed, summarized and reported within the time periods specified in the provincial and territorial securities legislation and include, without limitation, controls and procedures designed to ensure that information required to be disclosed by an issuer in its annual filings, interim filings or other reports filed or submitted under provincial and territorial securities legislation is accumulated and communicated to the issuer's management, including its chief executive officers and chief financial officers (or persons who perform similar functions to a chief executive officer or a chief financial officer), as appropriate to allow timely decisions regarding required disclosure". The Company has conducted a review and evaluation of its disclosure controls and procedures, with the conclusion that it has an effective system of disclosure controls, and procedures as defined under MI 52-109. In reaching this conclusion, the Company recognizes that two key factors must be, and are, present:

- a) the Company is very dependant upon its advisors and consultants (principally its legal counsel) to assist in recognizing, interpreting, understanding and complying with the various securities regulations disclosure requirements; and

- b) an active Board and management with open lines of communication.

The Company has a small staff with varying degrees of knowledge concerning the various regulatory disclosure requirements. The Company is not of a sufficient size to justify a separate department or one or more staff member specialists in this area. Therefore, the Company must rely upon its advisors and consultants to assist it and as such they form part of the disclosure controls and procedures.

Proper disclosure necessitates that one not only be aware of the pertinent disclosure requirements, but one is also sufficiently involved in the affairs of the Company and/or receives the communication of information to assess any necessary disclosure requirements. Accordingly, it is essential that there be proper communication among those people who manage and govern the affairs of the Company, this being the Board of Directors and senior management. The Company believes this communication exists.

While the Company believes it has adequate disclosure controls and procedures in place, lapses in the disclosure controls and procedures could occur and/or mistakes could happen. Should such occur, the Company would take whatever steps necessary to minimize the consequences thereof.

Management is responsible for the design of internal controls over financial reporting within the Company in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian GAAP. Management has evaluated the design of the Company's internal controls and procedures over financial reporting as of the end of the period covered by the annual filings, and believes the design to be sufficient to provide reasonable assurance.

During the period ended September 30, 2008, there were no changes in the Company's internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Investor Relations Activities

The Company provides information packages to investors. These packages include materials filed with regulatory authorities. Additionally the Company attends investment/trade conferences and updates its website (www.blueskyuranium.com) on a continuous basis.

Outstanding Share Data

The Company's authorized share capital is an unlimited number of common and preferred shares without par value. As of September 30, 2008, there were 32,036,667 outstanding common shares and 1,685,000 stock options, which were outstanding and exercisable, with exercising prices ranging between \$0.10 and \$1.00. In addition, there were 6,037,832 warrants outstanding, with exercise prices ranging between \$1.00 and \$1.30.

As of November 26, 2008, there were 37,820,000 outstanding common shares, 1,635,000 stock options and 11,799,425 warrants or Agent's Options.