

# **BLUE SKY URANIUM CORP.**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021**

### **Background**

This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the condensed consolidated interim financial statements of Blue Sky Uranium Corp. ("Blue Sky" or "the Company") for the nine months ended September 30, 2022 and 2021 and related notes thereto which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All figures are in Canadian dollars unless otherwise noted. This MD&A has been prepared as of November 22, 2022.

### **Company Overview**

The Company was incorporated under the Business Corporations Act (British Columbia) on November 30, 2005 as Mulligan Capital Corp. On May 18, 2006, the Company received final receipts for a prospectus and became a reporting issuer in British Columbia and Alberta. On June 27, 2006 the Company completed its initial public offering (the "Offering") and on June 28, 2006 the Company listed its common shares on the TSX Venture Exchange (the "TSX-V") as a capital pool company. On February 7, 2007, the Company completed its qualifying transaction (the "QT") and was upgraded to Tier II status on the TSX-V. The Company also changed its name to Blue Sky Uranium Corp. to reflect its business as a junior uranium exploration company. The address of the Company's registered office is Suite 312 – 837 West Hastings Street, Vancouver, BC, Canada V6C 3N6.

The Company is a junior mineral exploration company engaged in the business of acquiring, exploring and evaluating natural resource properties and either joint venturing or developing these properties further or disposing of them when the evaluation is completed. The Company's material mineral properties of interest are all located in Argentina. Blue Sky is one of the Argentina's leading uranium exploration companies with more than 4,000 km<sup>2</sup> of tenements. Argentina has an advanced nuclear industry, centred in the Rio Negro Province. As of the date of this report, the Company has not earned any production revenue, nor defined any mineral reserves on any of its properties.

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

### ***Outlook***

Argentina is the largest generator of electricity from nuclear energy in South America, with its advanced nuclear industry centred in Rio Negro Province. The country is working to further expand its nuclear energy sector with additional power plants, but lacks a ready internal supply of uranium. Blue Sky's goal is to acquire, explore and advance towards production a portfolio of projects with an emphasis on near-surface uranium deposits that have the potential for near-term low-cost production to service the Argentine domestic nuclear industry.

### **PRINCIPAL PROPERTIES**

In 2008, the Company gained control of a land package of more than 500,000 hectares (5,000 km<sup>2</sup>) of prospective uranium properties in Rio Negro and Chubut provinces of Argentina (see news release filed on SEDAR April 17, 2008).

Currently, the Company has exclusive rights to approximately 400,000 hectares (4,000 km<sup>2</sup>) of tenures in the two provinces. The exploration focus is on surficial (calcrete-type), as well as sandstone-type (roll front) uranium +/- vanadium targets. A description of the Company's material project follows.

## **Amarillo Grande Project, Rio Negro Province**

**Location and Ownership:** The Amarillo Grande Project is located in central Rio Negro province, in the Patagonia region of southern Argentina. Blue Sky has the exclusive rights to over 261,000 hectares of mineral tenures that form the project. The main parts of the project are all road accessible from major centres, such as Valcheta or Neuquen, via the gravel Provincial Road 66. The area is flat-lying, semi-arid and accessible year-round, with nearby rail, power and port access.

**Geologic Potential:** The district-scale Amarillo Grande Project hosts mineralization with characteristics of both Surficial and Sandstone-type uranium deposits, in some cases including significant vanadium. Most of the mineralized occurrences found within project area to date have the characteristics of Surficial Uranium Deposits in which uranium occurs in sediments or soils of relatively young age (Tertiary to Recent), often in association with secondary carbonate minerals that form lenses or blankets of calcrete. Surficial deposits typically form in semi-arid to arid uranium rich districts adjacent to uranium source rocks (granites or ash flow sequences) or primary uranium deposits. The main uranium mineral in these deposits is typically carnotite, a yellowish hydrated potassium uranium vanadium oxide,  $K_2(UO_2)_2(VO_4)_2 \cdot 3H_2O$ .

The Ivana deposit displays characteristics of both surficial-type and sandstone-type uranium-vanadium deposits. In plan view, the Ivana uranium-vanadium mineralization has a broad C-shaped pattern with some isolated outlying areas of peripheral mineralization. The uranium mineralization at Ivana is comprised of secondary uranium minerals which include carnotite, a coffinite-like mineral that has been called  $\beta$ -coffinite (beta-coffinite), as well as lesser tyuyamunite, leibigite, and an unidentified uranium-bearing mineral species.

The Amarillo Grande project is believed to have district-scale potential for discovery of similar styles of mineralization to the Ivana deposit.

**Exploration History Summary:** In 2007, under the supervision of consultant Dr. Jorge Berizzo, Blue Sky selected Rio Negro as a high-potential location for discovery of new uranium deposits. In the same year, a 14,689 line-km airborne radiometric survey led to discovery of surficial zones of uranium mineralization at the Anit and Santa Barbara groups of properties. A second large-scale airborne radiometric survey in 2010 led to the acquisition of the Ivana group of properties. Detailed exploration work through 2012 on the three property areas led to the delineation of a new uranium district along a 140-kilometre geologic trend. Significant zones of uranium mineralization have been identified along the trend, with the potential for expansion to depth and along strike. While the three properties were previously distinguished from each other in Company disclosure, their proximity, related geologic trend, and the likelihood of additional property acquisitions and zones of mineralization along the trend, has led the Company to group the entire package into a single project, the Amarillo Grande Project.

In 2016, improved market sentiment for uranium encouraged the Company to relaunch exploration at the project. The first program was designed to delineate mineralization across the district in greater detail and to identify extensions and new targets, both near surface and at depth. By the end of the year, a 15 line- pole-dipole electrical tomography (ET) survey was launched. Conductive anomalies interpreted as paleo-channels were identified on every line surveyed. On January 26<sup>th</sup> 2017, the Company announced the commencement of a Phase 1, reverse circulation ("RC") drilling program at the Amarillo Grande project.

Drilling at Anit included 1,170 metres in 83 holes. The program successfully confirmed the spatial correlation of the previously recognized mineralized zones. Due to a new market interest in vanadium as a component of storage batteries for renewable energy and strength in traditional market as a steel hardening alloy, and the resulting significant price increase during the year, the exploration team made a detailed review of the vanadium results at Anit. A 3 x 1 kilometre area was delineated with thicknesses between 0 and 16 metres, using a 1,000 ppm  $V_2O_5$  x 1 metre isocurve as a lower limit. This is a wider and thicker area than that of the uranium mineralized zone, and it is open to expansion (see News Release dated November 8, 2017).

At Santa Barbara, fifteen holes were drilled ranging from 4 to 25 metres length, for a total of 312 metres. This was the first drill program at this target area and was considered a scouting program. Values of uranium and vanadium were low in all holes; this target area represents the lowest priority for follow-up work.

At Ivana, the Phase I program included 158 holes totaling 2,250 metres. The results successfully outlined a strongly mineralized corridor of uranium-vanadium mineralization, including a higher-grade core zone, within approximately twenty metres of surface. A Phase II program was launched in September 2017, focused on the Ivana target, which included 11.5 kilometres of ET surveying in 4 lines using a 15 metre array. The follow-up Phase II drill program included 4,327 metres in 269 holes. The known mineralization at Ivana was expanded laterally, and thicker higher-grade mineralized intervals were intercepted in the core of the mineralized corridor.

Results from drilling are available in news releases and summarized in previous MDA's, and can be found filed under the Company's profile on SEDAR.

The final drill results for the Phase II program at Ivana were released on January 15, 2018, and the Company announced that it had engaged independent qualified persons to complete the first mineral resource estimate for the project and associated NI 43-101 Technical Report. On January 22, 2018, the Company reported the results of the first preliminary metallurgical test work on samples from Ivana. The metallurgical studies were completed on a single composite created from four samples with predominantly carnotite (a uranium-vanadium oxide) mineralization, the most common style of mineralization found at Amarillo Grande. The alkaline leach test results yielded recoveries of 95% for the uranium in 2 hours.

On March 5, 2018, the first mineral resource estimate for the Amarillo Grande Project was announced, focused specifically on the Ivana deposit. A supporting Technical Report was filed on SEDAR on April 18, 2018, prepared by Jon P. Thorson, PhD., CPG, Bruce M. Davis, FAusIMM, of BD Resource Consulting, Inc., and Susan Lomas, P.Geo., Lions Gate Geological Consulting Inc. ("the Authors") who are independent Qualified Persons as set forth by National Instrument 43-101 ("NI 43-101").

The Authors of the Technical report recommended that Blue Sky Uranium should proceed with a preliminary economic assessment ("PEA") to better direct future project development, and should conduct additional drilling to define the limits of the Ivana deposit and identify satellite uranium-vanadium deposits nearby.

Coincident with the PEA work, Blue Sky continued exploring proximal to the Ivana deposit in order to identify new mineralized areas and expand resources. On August 1, 2018, the Company announced the completion of 425.5 metres of shallow auger drilling in 110 holes to test for extensions to the Ivana deposit. This work provided targets for a subsequent 1,063 metre step-out RC drill program around the Ivana deposit. Results from the RC program were announced on October 9, 2018, and confirmed that the Ivana deposit extends more than 1,000 metres to the south of the initial mineral resource area.

On November 14, 2018, the Company announced the sample results for the first 39 pits from a 115-pit sampling program testing new areas to the west and southwest of the Ivana mineral resource area. High grades of uranium and vanadium from channel samples collected along pit walls indicated the potential for the lateral extension of resources.

### ***2019 PEA Program***

A second more detailed round of mineralogical, metallurgical and process design testwork on material from Ivana was completed at the Saskatchewan Research Council ("SRC") under the guidance of independent consultant Chuck Edwards. Results were announced on February 7, 2019 and were incorporated into the PEA study.

The results of the first Preliminary Economic Assessment for the Amarillo Grande Project were announced on February 27, 2019. The PEA provides an initial view of the potential viability of the resources for a surficial mining operation of the Ivana deposit, with 13 years of uranium and vanadium production. Recovery of uranium and vanadium is through a simple two-stage process of concentration/beneficiation followed by alkaline leaching using low environmental impact technology and reagents.

#### **PEA Highlights (All figures in US dollars)**

- After-tax NPV8%: \$135.2 million
- After-tax IRR: 29.3%
- After-tax Payback period: 2.4 years
- Pre-production Capital Cost: \$128.05 million, includes \$28.28 million contingency
- Life of mine ("LOM") Sustaining Capital Cost: \$35.46 million, includes \$7.21 million contingency
- Average LOM Total Cash Cost net of credits: \$16.24/lb U<sub>3</sub>O<sub>8</sub>
- Average LOM All-In Sustaining Costs ("AISC") net of credits: \$18.27/lb U<sub>3</sub>O<sub>8</sub>

#### PEA Key Assumptions & Inputs

- Uranium price: \$50/lb U<sub>3</sub>O<sub>8</sub>
- Vanadium Price \$15/lb V<sub>2</sub>O<sub>5</sub>
- Years of Construction: 2
- Years of Production: 13
- Strip Ratio: 1.1:1 (waste/ore)
- Dilution: 3%
- Peak Mining rate (waste + mill feed): 13,500 tonnes per day (“tpd”)
- Processing throughput: 6,400 tpd
- Process Plant Recoveries, Uranium: 84.6%
- Process Plant Recoveries, Vanadium: 52.5%
- Average Annual Production (LOM): 1.35 Mlbs/y U<sub>3</sub>O<sub>8</sub>
- LOM uranium production: 17.5 Mlbs U<sub>3</sub>O<sub>8</sub>

*The PEA is preliminary in nature and is based solely on Inferred Mineral Resources that are considered too speculative geologically to have economic considerations applied to them that would enable them to be categorized as Mineral Reserves. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability and there is no certainty that the PEA will be realized.*

An updated Mineral Resource Estimate, effective September 28, 2018, was used for the PEA. The updated resource estimate includes data from an additional 61 reverse circulation (“RC”) drill holes (1,043 metres) completed in September of 2018, as well as a more extensive density study that indicated a density of 2.1 gr/cm<sup>3</sup> should be applied. Those changes resulted in a 17% increase in total tonnes, as well as a 19% increase in contained U<sub>3</sub>O<sub>8</sub> and a 13% increase in contained V<sub>2</sub>O<sub>5</sub>, at similar grades.

*The estimate of mineral resources may be materially affected by environmental, permitting, legal, title, taxation, sociopolitical, marketing, or other relevant issues. The quantity and grade of reported Inferred resources are uncertain in nature and there has been insufficient exploration to classify these inferred resources as Indicated or Measured, and it is uncertain if further exploration will result in upgrading them to an Indicated or Measured category.*

**Estimate of Inferred Mineral Resource reported at 100 ppm Uranium Cut-off**

| Zone         | Tonnes (t)        | Average Grade |                                   |            |                                   | Contained Metal                    |                                    |
|--------------|-------------------|---------------|-----------------------------------|------------|-----------------------------------|------------------------------------|------------------------------------|
|              |                   | U (ppm)       | U <sub>3</sub> O <sub>8</sub> (%) | V (ppm)    | V <sub>2</sub> O <sub>5</sub> (%) | U <sub>3</sub> O <sub>8</sub> (lb) | V <sub>2</sub> O <sub>5</sub> (lb) |
| Upper        | 3,200,000         | 133           | 0.016                             | 123        | 0.022                             | 1,100,000                          | 1,500,000                          |
| Lower        | 24,800,000        | 335           | 0.040                             | 105        | 0.018                             | 21,600,000                         | 10,000,000                         |
| <b>Total</b> | <b>28,000,000</b> | <b>311</b>    | <b>0.037</b>                      | <b>107</b> | <b>0.019</b>                      | <b>22,700,000</b>                  | <b>11,500,000</b>                  |

#### Notes:

1. Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability.
2. It is reasonably expected that the majority of Inferred Mineral Resources could be upgraded to Indicated Mineral Resources with continued exploration.
3. The Mineral Resources in this estimate were not constrained within a conceptual pit shell owing to the shallow nature of the deposit (<25 m).
4. The 100 ppm uranium reporting cutoff grade is based on operative costs of \$12/t, a price of \$50/lb U<sub>3</sub>O<sub>8</sub>, and a process recovery of 90%. A density of 2.1 gr/cm<sup>3</sup> was applied.
5. The resource was estimated within distinct zones of elevated uranium concentration occurring within the host sediments. Vanadium is associated with uranium and is estimated within the same zones. There is no indication that Vanadium occurs outside of the elevated uranium zones in the Ivana deposit area in sufficient concentrations to justify developing estimation domains focused on Vanadium.

The Mineral Resource Estimate was prepared under the direction of Bruce Davis Ph.D., F.AusIMM, of BD Resource Consulting Inc. and Susan Lomas, P.Geo., of Lions Gate Geological Consulting Inc. Both Dr. Davis and Ms. Lomas are independent Qualified Persons (QP's) as defined in NI 43-101. The PEA and associated information was prepared under the direction of consultant Ken Kuchling, P.Eng., a mining engineer specializing in economic reviews and an independent Qualified Person as defined in NI 43-101. Additional contributing Qualified Persons for the PEA are: Jon Thorson, Ph.D., CPG. (geological interpretation); Chuck Edwards, P.Eng. FCIM (metallurgy & processing) and; Ken Embree, P.Eng., of Knight Piésold Ltd (waste & water management).

Supporting information for the PEA and Mineral Resource Estimate is included in a NI 43-101 Technical Report filed on SEDAR and published on the Company's website.

Recommendations in the PEA for future work on the Ivana deposit included additional infill and step-out drilling to upgrade and expand mineral resources, advanced engineering studies including a complete and comprehensive environmental base line study, additional metallurgical and process design test work, mine design optimization, detailed permitting assessment, among other items.

### ***2019 Exploration***

Following the release of the PEA, the 2019 exploration program focused on identifying additional mineralization proximal to the Ivana deposit. Three target areas were pursued: Ivana West, Ivana Central and Ivana North. The program included auger drilling at all three targets, and induced polarization ("IP") geophysical surveying in the Central and North areas, in order to delineate RC drilling targets. Ongoing results were announced in News Releases dated April 29<sup>th</sup>, 2019, May 16<sup>th</sup>, 2019, September 19<sup>th</sup>, 2019 and December 4<sup>th</sup>, 2019.

The Ivana West target area was located immediately west and southwest of the Ivana deposit. High grades of uranium-vanadium were encountered in two grids of pit samples. Mineralization defined by the northern pit sampling grid is interpreted to be the western extension of the northwestern domain of the current Ivana mineral resource, separated by an area of outcropping basement.

The Ivana Central target is located 10 kilometres north of the Ivana deposit, within the 145 km prospective trend at the AGP. Results from the 2019 IP survey and auger sampling identified near-surface mineralization as well as geophysical, geological and alteration patterns comparable with those associated with the Company's Ivana uranium-vanadium deposit.

At the Ivana North target, 15-20 kilometres north of the Ivana deposit, the IP geophysical survey identified a 5-kilometre-long chargeability anomaly that may be indicative of potential pyrite-associated uranium-vanadium mineralization in the subsurface related to the superficial uranium-vanadium mineralization observed in the area.

### ***2020 Exploration***

On March 2, 2020, the Company launched a 4,500 metre RC drilling program but by mid-March had to suspended exploration field work due to the COVID-19 crisis. From the approximately 100 drill holes originally planned, only 8 holes were completed before suspension. The technical team continued with an office-based data compilation and target delineation program throughout the remainder of the year. The review and reinterpretation of over 14 years of geological data collected at the project reclassified two areas as compelling targets ("Ivana Este" and "Quatro") with high potential for uranium-vanadium mineralization similar to the Company's cornerstone Ivana deposit (see News Release dated November 2, 2020).

### ***2021 Exploration***

On February 1, 2021, Blue Sky reported that new guidelines for safe conduct of exploration programs had been provided by federal and provincial authorities, and that the Company had enacted a detailed set of COVID-19 protocols and was mobilizing to restart field programs at Amarillo Grande. The planned 2021 programs announced included: completion of the 4,500-metre RC exploration drilling program originally announced in March 2020; planning and permitting to advance the Ivana Este and Quatro targets (see News Release dated November 2, 2020) to the drill stage; and engineering and process test work to support advanced technical studies.

The start of drilling was announced on February 17, 2021. The drill plan included a total of approximately 100 holes in the two highest priority exploration target areas delineated by the 2019 exploration program, Ivana Central and Ivana North. The drilling program was designed with a series of goals and the flexibility to modify the initial drilling plan and schedule based on results. Following this strategy, the program proceeded with a nominal 1,500 metre initial phase for each of Ivana Central and Ivana North. A subsequent 1,500 metres of drilling will be deployed to follow-up the best results at both targets with more detailed drilling. On June 23, 2021, Blue Sky announced that it had completed the first tranche of the program, consisting of 1,584 metres in 40 holes at the Ivana North target area. The drilling program tested an area covering 4 kilometres by 5 kilometres on roughly 400 to 800 metre centres utilizing a hydraulic drill rig. Results for these holes were announced on October 21, 2021 and included anomalous low-grade (less than 100ppm) uranium intercepts in thirty percent of the holes completed, often accompanied by anomalous pathfinder elements including molybdenum and selenium. Based on the similarities to the geochemical pathfinder footprint at the Ivana deposit, the Ivana North results are interpreted to confirm the potential for discovery of a REDOX front related uranium mineralized system in the Ivana North area. The Ivana North results have provided additional information for follow-up drill targeting, which will be further evaluated and prioritized once the first phase of Ivana Central drilling is completed. Prior to the COVID-19 shut-down in 2020, six holes totaling 286 metres were completed at Ivana Central. These were analyzed and reported at the same time as the first tranche of drilling from Ivana North reported above. Two of the six holes intersected anomalous uranium, including 120 ppm  $U_3O_8$  over 1 metre at in hole AGIC-01. The next stage of the program will focus on completing the approximately 1,200 metres remaining at Ivana Central. Permits allowing the work to continue were received in October 2021.

Details of the second phase of process design test work were announced on April 6, 2021. A new bulk sample was composited from mineralized material of the Ivana deposit, for use in more advanced stage studies. The program is evaluating the efficiency of the precipitation process for each of uranium and vanadium, the consumption of precipitation reagents, the precise chemistry and flow rate of each process stream, and the purity of the uranium oxide and the vanadium pentoxide products relative to market standards. The program is again being overseen by independent technical advisor Chuck Edwards, P.Eng.

On September 28, 2021, Blue Sky launched a 3,500 metre RC drilling program to expand and upgrade the Ivana Deposit. The program was designed to include an estimated 260 shallow holes to test the potential expansion of the deposit to the west where the 2018 pit channel sampling program returned encouraging results, including up to 5,032 ppm  $U_3O_8$  & 323 ppm  $V_2O_5$  over 1.7m at AGI-CAL26 (see Press Releases dated November 15, 2018 and April 29, 2019). Pit sampling only tested to depths of less than three metres, so the near-surface mineralization in this area remains open at depth. In addition to testing the area to the west of Ivana, the new RC drill program includes holes in areas of lower drill hole density at the margins of, and within, the Ivana deposit to aid in upgrades to the mineral resource estimate that will support the advanced engineering studies.

## ***2022 Exploration***

The Company announced on March 23, 2022 that it had completed the previously announced expansion and upgrading drilling program at the Ivana Deposit. The entire program collected 3,136 samples from 350 new holes, totaling 3,346m.

Results from the first 26 holes of the Ivana deposit drilling program were reported on February 2, 2022. These holes tested for a western extension to the deposit, in an area 500m to 1.5km west of the main deposit. Eight holes returned anomalous uranium, including four holes with  $U_3O_8$  intervals >100ppm. Notably, 23 holes returned at least one interval of more than 150ppm  $V_2O_5$ . The uranium and vanadium mineralization are present in all cases from surface, or near surface, forming a 3- to 4-metre-thick mineralized horizon where carnotite is interpreted as the principal uranium-vanadium mineral.

An additional 23 holes from this sector were reported on April 5, 2022. Six returned anomalous uranium ( $U_3O_8$  >30ppm) including three holes with  $U_3O_8$  intervals of 5 metres >100ppm  $U_3O_8$ , including 1 metre at 0.7% (7027 ppm)  $U_3O_8$  in AGI-568.

Results from 92 RC holes that tested areas of lower drill hole density at the margins of, and within, the western portion of the Ivana deposit were received and the highlights also reported on April 5, 2022. The results confirmed the continuity of the mineralization in a number of locations, as well as the potential expansion to the south from hole AGI-601, which intersected 3 metres at 702 ppm  $U_3O_8$ , including 1metre at 0.17% (1774 ppm)  $U_3O_8$ .

On September 8, 2022 the final 2,042 samples from 209 holes were reported. The assay results from drilling in the step-out zone confirmed the presence of uranium and vanadium mineralization near surface. This was highlighted by hole AGI-764, located 700m west of the boundary of the current mineral resource estimate, which returned 8 metres averaging 197ppm U<sub>3</sub>O<sub>8</sub> and 202ppm V<sub>2</sub>O<sub>5</sub> from 1 to 9 metres in depth, including 1m @ 805ppm U<sub>3</sub>O<sub>8</sub> and 243ppm V<sub>2</sub>O<sub>5</sub> starting at 1 metre. Vanadium was particularly notable in this area, with intercepts as high as 969ppm V<sub>2</sub>O<sub>5</sub> reported. Additional drilling in areas of low hole density with the deposit returned multiple significant uranium and vanadium intervals, such as 7m averaging 309ppm U<sub>3</sub>O<sub>8</sub> and 417 ppm V<sub>2</sub>O<sub>5</sub> including 1,273ppm U<sub>3</sub>O<sub>8</sub> and 1,260ppm V<sub>2</sub>O<sub>5</sub> over 1 m in AGI-817.

Results from the entire program will be included in a future mineral resource estimate to upgrade a portion of the current inferred mineral resources into indicated mineral resources for the purposes of supporting a future prefeasibility study (PFS).

On April 11, 2022, Blue Sky announced that it was resuming the 4,500 metre exploration drilling program to complete the planned drilling at the Ivana Central target. Drilling has been completed and assays and interpretation are pending.

A new program was announced on September 26, 2022, to advance the Ivana East and Cateo Cuatro targets which were prioritized as exploration targets following the 2020 data review program. The program will commence at Cateo Cuatro and will include geological mapping, auger drilling, radiometric surveying, and seismic and/or IP tomography surveys in order to define drill targets. Ivana East is ready for initial RC drill testing. Drilling at both targets will be carried out after the Cateo Cuatro field work is complete.

#### **Results of Operations – For the nine months ended September 30, 2022 compared to the nine months ended September 30, 2021**

##### **Loss from operating activities**

During the nine months ended September 30, 2022, loss from operating activities increased by \$476,566 to \$6,351,912 compared to \$5,875,346 for the nine months ended September 30, 2021. The increase in loss from operating activities is largely due to:

- An increase of \$2,331,320 in exploration expenditures. Exploration expenditures were \$4,964,143 for the nine months ended September 30, 2022 compared to \$2,632,823 for the nine months ended September 30, 2021. The Company incurred higher exploration expenditures related to drilling program at Amarillo Grande project during the nine months ended September 30, 2022 compared to less exploration expenditures during the nine months ended September 30, 2021.

The increases were partially offset by:

- A decrease of \$619,340 in corporate development and investor relations. Corporate development and investor relations were \$905,856 for the nine months ended September 30, 2022 compared to \$1,525,196 for the nine months ended September 30, 2021. The decrease is due to fewer activities relating to promotion of the Company's projects during the nine months ended September 30, 2022 compared to more activities relating to promotion of the Company's projects during the nine months ended September 30, 2021.
- A decrease of \$1,141,549 in share-based compensation. Share-based compensation was \$Nil for the nine months ended September 30, 2022 compared to \$1,141,549 for the nine months ended September 30, 2021. The decrease is due to no granting and vesting of stock options during the nine months ended September 30, 2022, compared to granting and vesting of 12,000,000 stock options during the nine months ended September 30, 2021.

##### **Other Items**

During the nine months ended September 30, 2022, other income increased by \$1,459,434 to \$1,946,224 compared to \$486,790 for the nine months ended September 30, 2021. The increase in other income is largely due to:

- An increase of \$1,392,414 in gain on sale of marketable securities. Gain on sale of marketable securities was \$1,688,386 for the nine months ended September 30, 2022 compared to \$295,972 for the nine months ended September 30, 2021. The increase is due to the Company acquiring and transferring more marketable securities to facilitate intragroup funding during the nine months ended September 30, 2022.
- An increase of \$61,607 in foreign exchange gain. Foreign exchange gain was \$250,132 for the nine months ended September 30, 2022 compared to foreign exchange gain of \$188,525 for the nine months ended September 30, 2021. The increase is due to the fluctuation in foreign exchange rates and differing amounts of foreign currencies held during the nine months ended September 30, 2022 compared to the nine months ended September 30, 2021.

The loss and comprehensive loss for the nine months ended September 30, 2022 was \$4,405,688 or \$0.02 per basic and diluted share compared to a net loss and comprehensive loss of \$5,388,556 or \$0.03 per basic and diluted share for the nine months ended September 30, 2021.

## **Cash Flow**

### **Operating Activities**

Cash outflow from operating activities was \$4,257,072 for the nine months ended September 30, 2022 compared to \$4,038,782 for the nine months ended September 30, 2021. The increase in cash outflow results from higher exploration expenditures and changes in non-cash working capital balances due to timing of receipt and payment of cash compared to the prior period.

### **Investing Activities**

Cash outflow used in investing activities was \$60,546 for the for the nine months ended September 30, 2022 compared to \$7,234 for the nine months ended September 30, 2021, as a result of higher expenditures on mineral property interests during the nine months ended September 30, 2022 compared to the nine months ended September 30, 2021.

### **Financing Activities**

Cash inflow from financing activities was \$2,068,420 for the nine months ended September 30, 2022 compared to \$5,566,621 for the nine months ended September 30, 2021. Proceeds from issuance of common shares and warrants net of share issue costs were \$2,008,795 for the nine months ended September 30, 2022, compared to \$6,439,509 for the nine months ended September 30, 2021. Proceeds from warrants exercised were \$59,625 for the nine months ended September 30, 2022, compared to \$569,299 for the nine months ended September 30, 2021. Repayment of loans were \$Nil for the nine months ended September 30, 2022 compared to \$1,404,000 for the nine months ended September 30, 2021. Interest paid was \$Nil for the nine months ended September 30, 2022 compared to \$38,187 in repayment of interest during the nine months ended September 30, 2021.

## **Results of Operations – For the three months ended September 30, 2022 compared to the three months ended September 30, 2021**

### **Loss from operating activities**

During the three months ended September 30, 2022, loss from operating activities increased by \$601,617 to \$2,034,346 compared to \$1,432,729 for the three months ended September 30, 2021. The increase in loss from operating activities is largely due to:

- An increase of \$941,350 in exploration expenditures. Exploration expenditures were \$1,677,474 for the three months ended September 30, 2022 compared to \$736,124 for the three months ended September 30, 2021. The Company incurred higher exploration expenditures related to drilling program at Amarillo Grande project during the three months ended September 30, 2022 compared to less exploration expenditures during the three months ended September 30, 2021.



The increases were partially offset by:

- A decrease of \$325,568 in corporate development and investor relations. Corporate development and investor relations were \$179,254 for the three months ended September 30, 2022 compared to \$504,822 for the three months ended September 30, 2021. The decrease is due to fewer activities relating to promotion of the Company's projects during the three months ended September 30, 2022 compared to more activities relating to promotion of the Company's projects during the three months ended September 30, 2021.

### Other Items

During the three months ended September 30, 2022, other income increased by \$152,348 to \$516,835 compared to \$327,490 for the three months ended September 30, 2021. The increase in other income is largely due to:

- An increase of \$257,333 in gain on sale of marketable securities. Gain on sale of marketable securities was \$553,305 for the three months ended September 30, 2022 compared to \$295,972 for the three months ended September 30, 2021. The increase is due to the Company acquiring and transferring marketable securities to facilitate intragroup funding during the three months ended September 30, 2022.

The increases were partially offset by:

- A decrease of \$71,965 in foreign exchange gain. Foreign exchange loss was \$42,578 for the three months ended September 30, 2022 compared to foreign exchange gain of \$29,387 for the three months ended September 30, 2021. The decrease is due to the fluctuation in foreign exchange rates and differing amounts of foreign currencies held during the three months ended September 30, 2022 compared to the three months ended September 30, 2021.

The loss and comprehensive loss for the three months ended September 30, 2022 was \$1,517,511 or \$0.01 per basic and diluted share compared to a loss and comprehensive loss of \$1,105,239 or \$0.01 per basic and diluted share for the three months ended September 30, 2021.

### Balance Sheet

At September 30, 2022, the Company had total assets of \$1,244,769 which is a decrease of \$2,218,639 from \$3,463,408 in total assets at December 31, 2021. The change is primarily due to a decrease in cash of \$2,249,198, and prepaid expenses of \$47,336 partially offset by increase in exploration and evaluation assets of \$60,546 during the nine months ended September 30, 2022.

### Selected Quarterly Financial Data

|  | 2022                       |                            |                            | 2021                       |                            |                            | 2020                       |
|--|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
|  | Sep. 30<br>\$              | Jun. 30<br>\$              | Mar. 31<br>\$              | Dec. 31<br>\$              | Sep. 30<br>\$              | Jun. 30<br>\$              | Dec. 31<br>\$              |
| Revenues                                       | Nil                        | Nil                        | Nil                        | Nil                        | Nil                        | Nil                        | Nil                        |
| Net Loss                                       | (1,517,511) <sup>(1)</sup> | (1,586,435) <sup>(2)</sup> | (1,301,742) <sup>(3)</sup> | (1,082,064) <sup>(4)</sup> | (1,105,239) <sup>(5)</sup> | (1,616,854) <sup>(6)</sup> | (2,666,463) <sup>(7)</sup> |
| Net Loss per Common<br>Share Basic and Diluted | (0.00)                     | (0.01)                     | (0.01)                     | (0.01)                     | (0.01)                     | (0.01)                     | (0.02)                     |

- (1) Variance from prior quarter primarily driven by decrease in corporate development and investor relations of \$204,490, and foreign exchange gain of \$445,044, partially offset by increase in gain on sale of marketable securities of \$277,416.
- (2) Variance from prior quarter primarily driven by increase in exploration expenditures of \$121,411, and foreign exchange gain of \$512,222, partially offset by decrease in gain on sale of marketable securities of \$583,303.
- (3) Variance from prior quarter primarily driven by increase in exploration expenditures of \$655,491, partially offset by decrease in foreign exchange loss of \$482,520 and gain on sale of marketable securities of \$154,128.
- (4) Variance from prior quarter primarily driven by increase in gain on sale of marketable securities of \$1,013,320, exploration expenditures of \$191,014, and foreign exchange loss of \$917,635, partially offset by decrease in corporate development and investor relations of \$142,628.
- (5) Variance from prior quarter primarily driven by decrease in exploration expenditures of \$391,555, partially offset by increase in foreign exchange gain of \$173,879, and corporate development and investor relations of \$57,613.
- (6) Variance from prior quarter primarily driven by decrease in share-based compensation of \$1,141,549, and corporate development and investor relations of \$125,956, partially offset by increase in exploration expenditures of \$358,659, and foreign exchange gain of \$143,822.

- (7) Variance from prior quarter primarily driven by increase in share-based compensation of \$1,141,549, corporate development and investor relations of \$548,784, and exploration expenditures of \$458,489, partially offset by decrease in foreign exchange gain of \$106,029.
- (8) Variance from prior quarter primarily driven by increase in exploration expenditures of \$113,005, accounting and audit fees of \$22,500, partially offset by foreign exchange gain of \$49,056.

### **Liquidity and Capital Resources**

The Company has experienced recurring operating losses and has an accumulated deficit of \$50,187,312 and shareholders' equity of \$519,733 at September 30, 2022. In addition, the Company has working capital of \$379,357 at September 30, 2022 and negative cash flow from operating activities of \$4,257,072. 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 (as disclosed in Note 1 of the Company's condensed consolidated interim financial statements for the nine months ended September 30, 2022) and to attain profitable operations. Management's plan in this regard is to raise equity financing as required. There are no assurances that the Company will be successful in achieving these goals.

The Company's condensed consolidated interim financial statements for the nine months ended September 30, 2022 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 would be material.

The condensed consolidated interim financial statements for the nine months ended September 30, 2022 have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to a going concern, which assume that the Company will realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

The Company's cash position at September 30, 2022 was \$1,037,825, a decrease of \$2,249,198 from the December 31, 2021 balance of \$3,287,023. 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.

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.

The Company's business financial condition and results of operations may be further negatively affected by economic and other consequences from Russia's military action against Ukraine and the sanctions imposed in response to that action in late February 2022. While the Company expects any direct impacts, of the pandemic and the war in the Ukraine, to the business to be limited, the indirect impacts on the economy and on the mining industry and other industries in general could negatively affect the business and may make it more difficult for it to raise equity or debt financing. There can be no assurance that the Company will not be impacted by adverse consequences that may be brought about on its business, results of operations, financial position and cash flows in the future.

### **Capital Stock**

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

As at September 30, 2022, an aggregate of 199,693,807 common shares were issued and outstanding.

### *Details of Issues of Common Shares in 2022*

On June 22, 2022, the Company completed the third and final tranche of the non-brokered private placement announced on May 24, 2022 and increased on June 8, 2022. The Company issued 2,261,000 units in this tranche at a price of \$0.15 per unit for gross proceeds of \$339,150. Each unit consisted 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 \$20,275 cash and 135,170 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 – 3.22%; expected stock price volatility – 102.55%; dividend yield – 0%; and expected warrant life – 1.869 years.

On June 14, 2022, the Company completed the second tranche of the non-brokered private placement announced on May 24, 2022 and increased on June 8, 2022. The Company issued 6,045,000 units in this tranche at a price of \$0.15 per unit for gross proceeds of \$906,750. Each unit consisted 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 \$45,465 cash and 303,100 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 – 3.42%; expected stock price volatility – 102.31%; dividend yield – 0%; and expected warrant life – 1.881 years.

On June 7, 2022, the Company completed the first tranche of the non-brokered private placement announced on May 24, 2022 and increased on June 8, 2022. The Company issued 5,694,000 units in this tranche at a price of \$0.15 per unit for gross proceeds of \$854,100. Each unit consisted 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 \$25,465 cash and 169,097 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 – 2.99%; expected stock price volatility – 101.93%; dividend yield – 0%; and expected warrant life – 2.4 years.

### *Details of Issues of Common Shares in 2021*

On August 5, 2021, the Company completed the third and final tranche of the non-brokered private placement announced on July 12, 2021. The Company issued 338,339 units in this tranche at a price of \$0.16 per unit for gross proceeds of \$54,134. Each unit consisted 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 two years from the date of issue. Fair value of the warrants was calculated using the Black-Scholes pricing model and the following variables: risk-free interest rate – 0.41%; expected stock price volatility – 106.39%; dividend yield – 0%; and expected warrant life – 2 years.

On July 30, 2021, the Company completed the second tranche of the non-brokered private placement announced on July 12, 2021. The Company issued 4,264,000 units in this tranche at a price of \$0.16 per unit for gross proceeds of \$682,240. Each unit consisted 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 two years from the date of issue. Finder's fees payable were \$14,703 cash and 91,893 non-transferable warrants exercisable into common shares at \$0.25 for two years from the date of issue with a fair value of \$7,331. Fair value of the warrants was calculated using the Black-Scholes pricing model and the following variables: risk-free interest rate – 0.38%; expected stock price volatility – 105.99%; dividend yield – 0%; and expected warrant life – 2 years.

On July 21, 2021, the Company completed the first tranche of the non-brokered private placement announced on July 12, 2021. The Company issued 8,713,750 units in this tranche at a price of \$0.16 per unit for gross proceeds of \$1,394,200. Each unit consisted 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 two years from the date of issue. Finder's fees payable were \$34,300 cash and 214,375 non-transferable warrants exercisable into common shares at \$0.25 for two years from the date of issue with a fair value of \$20,226. Fair value of the warrants was calculated using the Black-Scholes pricing model and the following variables: risk-free interest rate – 0.39%; expected stock price volatility – 105.8%; dividend yield – 0%; and expected warrant life – 2 years.

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 consisted 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 with a fair value of \$42,075. Fair value of the warrants 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 consisted 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 with a fair value of \$6,933. Included in this tranche were \$1,017,510 of subscription proceeds that were received prior to December 31, 2020. Fair value of the warrants 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.

#### *Outstanding Share Data*

As of the date of this report, there are 199,693,807 common shares of the Company issued and outstanding.

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

| Number of Options |             | Exercise Price | Expiry Date      |
|-------------------|-------------|----------------|------------------|
| Outstanding       | Exercisable |                |                  |
| 4,170,000         | 4,170,000   | \$0.30         | January 23, 2023 |
| 12,000,000        | 12,000,000  | \$0.25         | January 29, 2026 |
| 16,170,000        | 16,170,000  |                |                  |

The Company had the following warrants outstanding as at the date of this report:

| Number of Warrants Outstanding | Exercise Price | Expiry Date       |
|--------------------------------|----------------|-------------------|
| 5,940,064                      | \$0.30         | December 19, 2022 |
| 7,258,500                      | \$0.35         | February 28, 2023 |
| 2,159,850                      | \$0.25         | June 4, 2023      |
| 24,906,588                     | \$0.30         | June 11, 2023     |
| 2,043,332                      | \$0.25         | July 11, 2023     |
| 8,828,125                      | \$0.25         | July 21, 2023     |
| 4,355,893                      | \$0.25         | July 30, 2023     |
| 338,339                        | \$0.25         | August 5, 2023    |
| 21,236,057                     | \$0.25         | January 11, 2024  |
| 17,998,800                     | \$0.25         | January 26, 2024  |
| 4,760,000                      | \$0.35         | October 23, 2024  |
| 5,863,097                      | \$0.25         | June 4, 2025      |
| 6,348,100                      | \$0.25         | June 14, 2025     |
| 2,396,170                      | \$0.25         | June 22, 2025     |
| 114,432,915                    |                |                   |

## **Commitments**

### *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 \$9,400 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 | 28,200 | -       | -       | -         | -                 |

## **Contingency**

The Company's wholly owned Argentine subsidiary, Minera Cielo Azul S.A. ("MCA") was named in a lawsuit by anti-mining, environmental activists in Argentina who are asserting environmental protection rights, among other arguments ("Amparo") against the Amarillo Grande project, comprised of Ivana, Anit and Santa Barbara projects (the "Project"). The lawsuit was introduced before the Supreme Court of Province of Rio Negro, Argentina, and the defendants in this Amparo action are MCA and the Government of Rio Negro. A preliminary request by the plaintiffs to have exploration activities on the Project suspended until the Amparo final decision was denied by the Judge hearing the case. The Company and MCA has obtained relevant permits for all its exploration activities to date and operated in full compliance with application laws and regulations. Further, this action does not impede the Company's ability to continue with its exploration operations in a business as normal mode.

While the outcome of this matter was uncertain, no provision was accrued in respect to this action as the Company believes the claim to be without merit and intends to vigorously defend the claim in Court.

The lawsuit introduced before the Supreme Court of the Province of Rio Negro and a subsequent appeal filed before the same Court against the Company by anti-mining, environmental activists in Argentina have been dismissed. The plaintiffs have not filed any further appeals and therefore the ruling is final.

## **Off-Balance Sheet Arrangements**

The Company does not utilize off-balance sheet arrangements.

## **Related Party 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.

|                              | Nine months ended September 30, |         |
|------------------------------|---------------------------------|---------|
|                              | 2022                            | 2021    |
| Transactions                 | \$                              | \$      |
| Services rendered:           |                                 |         |
| Grosso Group Management Ltd. |                                 |         |
| Management fees              | 84,600                          | 126,750 |
| Office & sundry              | 14,400                          | 16,350  |
| Total for services rendered  | 99,000                          | 143,100 |

### 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.

|  | Nine months ended September                               |         |
|--|---|---------|
|  | 2022  | 2021    |
| Transactions   | \$  | \$      |
| Share-based compensation   | -   | 772,924 |
| Consulting, salaries and professional fees to key management or their consulting corporations: |   |         |
| President/CEO/Director   | Salaries and employee benefits 46,755                     | 45,000  |
| CFO  | Salaries and employee benefits 22,500                     | 9,000   |
| Directors/Consultants  | Salaries, employee benefits and professional fees 109,500 | 109,500 |
| Total for services rendered  | 178,755   | 163,500 |

|  | As at ended June 30, |         |
|--|----------------------|---------|
|  | 2022                 | 2021    |
| Balances   | \$                   | \$      |
| Amounts owed to related parties                              |                      |         |
| Payable to Golden Arrow Resources Corp. <sup>(1)</sup>       | 260,973              | 41,146  |
| Payable to Oxbow International Marketing Ltd. <sup>(2)</sup> | 392                  | 330     |
| Payable to Grosso Group Management Ltd. <sup>(2)</sup>       | 296,436              | 312,795 |
| Total shared costs included in accounts payable              | 557,801              | 354,271 |

(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.

Balances are unsecured, non-interest bearing and has no specific terms of repayment.

### Events After the Reporting Period

#### *Stock Options Expired*

150,000 stocks options with an exercise price of \$0.27 per stock option expired.

#### *Private Placement*

On November 21, 2022, the Company opened a non-brokered private placement financing of up to 10,000,000 units at a price of \$0.10 per unit (the “Units”) for gross proceeds of \$1,000,000.

Each Unit will consist of one common share and one transferrable common share purchase warrant (a “Warrant”). Each Warrant will entitle the holder thereof to purchase one additional common share in the capital of the Company at \$0.20 per share for two years from the date of issue.

This financing is subject to regulatory approval and all securities to be issued pursuant to the financing are subject to a four-month hold period under applicable Canadian securities laws. Directors, officers and employees of the Company may participate in a portion of the financing. A commission may be paid on a portion of the financing. The proceeds of the financing will be used for general working capital and exploration on its properties in Argentina.

### **Critical Accounting Estimates and Recent Accounting Pronouncements**

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the year. Actual results may differ from these estimates.

Reference should be made to the Company's significant accounting policies contained in Note 2 of the Company's condensed consolidated interim financial statements for the nine months ended September 30, 2022. These accounting policies can have a significant impact on the financial performance and financial position of the Company.

### ***New Accounting Standards and Interpretations***

The International Accounting Standards Board ("IASB") has issued new standards, amendments and interpretations that are not effective and, accordingly, have not yet been adopted by the Company. The following is a brief summary of the new and amended standards and interpretations:

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 condensed consolidated interim 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 condensed consolidated interim financial statements.

### **Financial Instruments**

The Company thoroughly examines the various financial instrument risks to which it is exposed and assesses the impact and likelihood of those risks. These risks may include credit risk, liquidity risk, currency risk, and interest rate risk.

#### ***Credit risk***

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Financial instruments that potentially subject the Company to credit risk consist of cash. 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.

## ***Market risk***

### ***(i) Currency risk***

Financial instruments that impact the Company's net earnings or other comprehensive income due to currency fluctuations include cash, 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 loss:

- A 10% change in the US dollar exchange rate relative to the Canadian dollar would change the Company's net loss by approximately \$6,000.
- A 10% change in the Argentinean peso exchange rate relative to the Canadian dollar would change the Company's net loss by approximately \$8,000.

### ***(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 values due to the immediate or short-term maturity of this financial instrument. Other current financial assets and liabilities are not exposed to interest rate risk because they are non-interest bearing or have prescribed interest rates.

## **Capital Management**

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

To effectively manage the entity's capital requirements, the Company has in place a planning and budgeting process to help determine the funds required to ensure the Company has the appropriate liquidity to meet its operating and growth objectives. The Company has historically relied on issuance of shares to develop its mineral projects and may require doing so again in the future. The Company is monitoring market conditions to secure funding at the lowest cost of capital. The Company is exposed to various funding and market risks which could curtail its access to funds. The Company is not subject to any external covenants. There were no changes in the Company's approach to capital management during the nine months ended September 30, 2022.

## **Risk Factors and Uncertainties**

The Company's operations and results are subject to a number of different risks at any given time. These factors, include but are not limited to disclosure regarding exploration, additional financing, project delay, titles to properties, price fluctuations and share price volatility, operating hazards, insurable risks and limitations of insurance, management, foreign country and regulatory requirements, currency fluctuations and environmental regulations risks. Exploration for mineral resources involves a high degree of risk. The cost of conducting programs may be substantial and the likelihood of success is difficult to assess. A number of the risks and uncertainties are discussed below:

*History of losses:* The Company has historically incurred losses as evidenced by its condensed consolidated interim financial statements for the nine months ended September 30, 2022 and 2021. The Company has financed its operations principally through the sale of its equity securities. The Company does not anticipate that it will earn any revenue from its operations until its properties are placed into production, if ever. If the Company is unable to place its properties into production, the Company may never realize revenues from operations, will continue to incur losses and you may lose the value of your investment.

*Joint ventures and other partnerships:* The Company may seek joint venture partners to provide funding for further work on any or all of its other properties. Joint ventures may involve significant risks and the Company may lose any investment it makes in a joint venture. Any investments, strategic alliances or related efforts are accompanied by risks such as:



1. the difficulty of identifying appropriate joint venture partners or opportunities;
2. the time the Company's senior management must spend negotiating agreements, and monitoring joint venture activities;
3. the possibility that the Company may not be able to reach agreement on definitive agreements, with potential joint venture partners;
4. potential regulatory issues applicable to the mineral exploration business;
5. the investment of the Company's capital or properties and the loss of control over the return of the Company's capital or assets;
6. the inability of management to capitalize on the growth opportunities presented by joint ventures; and
7. the insolvency of any joint venture partner.

There are no assurances that the Company would be successful in overcoming these risks or any other problems encountered with joint ventures, strategic alliances or related efforts.

*Unexpected delays:* The Company's minerals business will be subject to the risk of unanticipated delays including permitting its contemplated projects. Such delays may be caused by fluctuations in commodity prices, mining risks, difficulty in arranging needed financing, unanticipated permitting requirements or legal obstruction in the permitting process by project opponents. In addition to adding to project capital costs (and possibly operating costs), such delays, if protracted, could result in a write-off of all or a portion of the carrying value of the delayed project.

*Potential conflicts of interest:* Several of the Company's directors are also directors, officers or shareholders of other companies. Such associations may give rise to conflicts of interest from time to time. Such a conflict poses the risk that the Company may enter into a transaction on terms which could place the Company in a worse position than if no conflict existed. The directors of the Company are required by law to act honestly and in good faith with a view to the best interest of the Company and to disclose any interest which they may have in any project or opportunity of the Company. However, each director has a similar obligation to other companies for which such director serves as an officer or director. The Company has no specific internal policy governing conflicts of interest.

*Competition with larger, better capitalized competitors:* The mining industry is competitive in all of its phases. The Company faces strong competition from other mining companies in connection with the acquisition of properties producing, or capable of producing, base and precious metals. Many of these companies have greater financial resources, operational experience and technical capabilities than the Company. As a result of this competition, the Company may be unable to maintain or acquire attractive mining properties on terms it considers acceptable or at all. Consequently, the Company's revenues, operations and financial condition could be materially adversely affected.

*The Company does not intend to pay dividends:* The Company has not paid out any cash dividends to date and has no plans to do so in the immediate future. As a result, an investor's return on investment will be solely determined by his or her ability to sell common shares in the secondary market.

*Title Risk:* Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

*Price Risk:* The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company's property has exposure to predominantly uranium. The prices of these metals, especially uranium, greatly affect the value of the Company and the potential value of its property and investments.

*Financial Markets:* The Company is dependent on the equity markets as its sole source of operating working capital and the Company's capital resources are largely determined by the strength of the junior resource markets and by the status of the Company's projects in relation to these markets, and its ability to compete for the investor support of its projects. The coronavirus outbreak has caused economic disruption worldwide and the resulting impact may affect the Company's ability to raise additional equity financing.

*Political Risk:* Exploration is presently carried out in the Argentina and is currently being reviewed worldwide. This exposes the Company to risks that may not otherwise be experienced if all operations were domestic. Political risks may adversely affect the Company's potential projects and operations. Real and perceived political risk in some countries may also affect the Company's ability to finance exploration programs and attract joint venture partners, and future mine development opportunities.

*Credit Risk:* Credit risk is the risk of an unexpected loss of a third party to a financial instrument fails to meet its contractual obligations. The Company is subject to credit risk on cash. The Company limits its exposure to credit loss by placing its cash with major financial institutions.

*Liquidity Risk:* Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they are due. The Company ensures that there is sufficient capital in order to meet short-term business requirements, after taking into account the Company's holdings of cash. The Company raises capital through equity issues and its ability to do so is dependent on a number of factors including market acceptance, stock price and exploration results. The Company's cash is invested in bank accounts.

*Interest Risk:* The Company's bank accounts do not earn interest income. Cash bears no interest. The fair value of cash approximates its carrying values due to the immediate or short-term maturity of this financial instrument.

*Currency Risk:* Business is transacted by the Company in a number of currencies. Fluctuations in exchange rates may have a significant effect on the cash flows of the Company. Future changes in exchange rates could materially affect the Company's results in either a positive or negative direction.

*Community Risk:* The Company has negotiated with the local communities on its mineral property concessions for access to facilitate the completion of geological studies and exploration work programs. The Company's operations could be significantly disrupted or suspended by activities such as protests or blockades that may be undertaken by such certain groups or individuals within the community.

*Environmental Risk:* The Company seeks to operate within environmental protection standards that meet or exceed existing requirements in the countries in which the Company operates. Present or future laws and regulations, however, may affect the Company's operations. Future environmental costs may increase due to changing requirements or costs associated with exploration and the developing, operating and closing of mines. Programs may also be delayed or prohibited in some areas. Although minimal at this time, site restoration costs are a component of exploration expenses.

### **Disclosure Controls and Procedures and Internal Control over Financial Reporting**

On November 23, 2007, the British Columbia Securities Commission exempted Venture Issuers from the requirement to certify disclosure controls and procedures, as well as, Internal Controls over Financial Reporting as of December 31, 2007, and thereafter. The Company is a Venture Issuer; therefore it files the venture issuer basic certificates. The Company makes no assessment relating to establishment and maintenance of disclosure controls and procedures as defined under National Instrument 52-109 as at September 30, 2022.

### **Additional Information**

Additional information relating to the Company, including news releases, financial statements and prior MD&A filings, is available on SEDAR at [www.sedar.com](http://www.sedar.com).

The investor relations program is focused on shareholder communications, corporate development and building the Company an active following of investment professionals in Canada, US and Europe. The Company also maintains a website at [www.blueskyuranium.com](http://www.blueskyuranium.com).