

COURT/ESTATE FILE NUMBER

25-3276975



COURT

COURT OF KING'S BENCH OF ALBERTA

JUDICIAL CENTRE

CALGARY

IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT*, RSC 1985, c. B-3, AS AMENDED

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF BLUE SKY RESOURCES LTD.

DOCUMENT

AFFIDAVIT

DLA Piper (Canada) LLP
1000, 250 2 Street SW
Calgary, Alberta T2P OC1

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS DOCUMENT

Lawyer: Carole J. Hunter / Anthony Mersich
Phone: (403) 698 8782 / (403) 766-8819
Fax Number: (403) 697 6600
Email Address: carole.hunter@ca.dlapiper.com
/ anthony.mersich@ca.dlapiper.com

File No. 101988-00025

AFFIDAVIT OF MIKE BOUVIER
Sworn on December 10, 2025

I, MIKE BOUVIER, of the City of Calgary, in the Province of Alberta, **AFFIRM AND SAY:**

1. I am the Interim President of Blue Sky Resources Ltd. ("**Blue Sky**"). I am responsible for oversight of the accounting, engineering, production, land, compliance, and M&A staff. As such I have personal knowledge of the matters hereinafter deposed to except where stated to be based upon information and belief, in which case I believe the same to be true.

Background

2. Blue Sky is an oil and gas exploration company with assets in Alberta, British Columbia and Saskatchewan.

3. Blue Sky filed a Notice of Intention to Make a Proposal ("**NOI**") under Part III of the *Bankruptcy and Insolvency Act* on September 24, 2025. KSV Restructuring Inc. is the proposal trustee (the "**Proposal Trustee**") for Blue Sky in its NOI proceedings.
4. This Affidavit should be read in conjunction with the affidavit of Ilyas Chaudhary sworn October 8, 2025 (the "**Chaudhary Affidavit**") and my affidavit sworn October 30, 2025 (the "**First Bouvier Affidavit**") in the within proceedings. All capitalized terms used but not otherwise defined herein shall have the meaning ascribed to them in the Chaudhary Affidavit and the First Bouvier Affidavit.

KEY EMPLOYEE RETENTION PROGRAM

5. Blue Sky believes it is critical to provide an incentive to certain management, employees and contractors to assist with its restructuring efforts. There is significant uncertainty regarding the employment of Blue Sky's employees and contractors and this uncertainty, combined with the need to continue Blue Sky's day-to-day operations, preserve value and undertake significant work related to Blue Sky's restructuring has emphasized the importance of retaining certain key employees and consultants (collectively, the "**KERP Recipients**").
6. Accordingly, Blue Sky has worked at length with its counsel and the Proposal Trustee in order to develop the proposed key employee retention plan (the "**KERP**") for the KERP Recipients. Under the terms of the proposed KERP, the KERP Recipients will receive a retention payment (the "**Retention Payment**") which will be paid upon the sale of substantially all of the assets of Blue Sky or the termination of the SISP, whichever occurs earlier.
7. The Retention Payments will only be paid to the respective KERP Recipients if they have not resigned or been terminated for cause by Blue Sky.
8. To secure Blue Sky's obligations under the KERP, Blue Sky requests a KERP Charge in the maximum amount of \$75,000 on account of the anticipated Retention Payments. The proposed KERP Charge would rank third after the Administration Charge and the Interim Lender's Charge.
9. The KERP Recipients perform the following functions collectively:
 - a. Day-to-day management of the oil and gas operations;
 - b. Specific financial reporting and specifically reporting as required during the NOI proceedings;

- c. Ensuring ongoing contract management with key stakeholders is undertaken and managed to ensure continuity of service;
 - d. Preparing operational and compliance plans to ensure ongoing compliance with all regulatory requirements of the Alberta Energy Regulator and British Columbia Energy Regulator; and
 - e. Preparation of financial records and support of audits, due diligence, processes, contract, profitability and payroll support.
10. The KERP Recipients have other employment options available to them and are not replaceable in the near term due to their specialized skills and roles with Blue Sky, relationships with stakeholders, their specific knowledge of the business and affairs of Blue Sky and the stringent deadlines that Blue Sky must comply with during the NOI proceedings. Any replacements for the KERP Recipients would face a steep learning curve in this specialized industry and may require additional training to develop a thorough understanding of Blue Sky's business which would pose a challenge given the time constraints under which Blue Sky is presently operating.
11. Blue Sky believes that the KERP provides an incentive to employees and consultants to remain with Blue Sky during this critical period, and to assist with the restructuring proceedings. Without the benefit of the KERP, there is a real risk that the KERP Recipients will consider other employment opportunities. The departure of the Key Employees would be costly, disruptive and detrimental to Blue Sky's restructuring efforts given their in-depth knowledge of Blue Sky's business operations.
12. I understand that the Proposal Trustee and the Interim Lender support Blue Sky's request for approval of the KERP.
13. Attached hereto as **Exhibit "A"** is a redacted copy of the KERP. Attached hereto as **Confidential Exhibit "A"** is an unredacted copy of the KERP, for which Blue Sky is seeking a sealing order (the "**Confidential Exhibit**") on the Court record.

Sealing Order

14. The proposed KERP includes a list of the KERP Employees, their retention payment, and a short summary of their roles and importance to Blue Sky's business and restructuring efforts.

15. Disclosure of the information included in the Confidential Exhibit will be prejudicial to Blue Sky, the KERP Employees and others. Among other issues, disclosure of the Confidential Exhibit could (a) create morale and other issues as between employees who are either not subject to the KERP or are receiving different entitlements under the proposed KERP; (b) allow Blue Sky's business competitors and others to attempt to induce the KERP Employees to depart from their employment for more lucrative opportunities; and (c) make it more difficult for Blue Sky to negotiate employment terms for replacement employees, if required. In addition, and generally speaking, salary and compensation levels for employees is a particularly personal and private matter to employees.
16. Blue Sky is proposing that the Confidential Exhibit be sealed on the Court file and not form part of the public record. In doing so, I believe that (a) the sealing order is as narrow as possible and only seeks to maintain the confidentiality the KERP Employees and the KERP; (b) the scope of the proposed sealing order is proportionate and restricted to only what is necessary; (c) there are no reasonable alternatives to the sealing order that will prevent the risk of disclosure; and (d) the benefits of the sealing order outweigh the risks.

Extension of Time to File Proposal

17. Blue Sky is seeking an additional extension of time to file a proposal. On November 7, 2025, the Honourable Justice J. T. Neilson granted an order that, among other things, extended the time for Blue Sky to file a proposal to its creditors, under section 50.4(9) of the *Bankruptcy and Insolvency Act*, RSC 1985, c. B-3 (the "**BIA**") to December 24, 2025.
18. Blue Sky requires an additional extension of 45 days to file its proposal. The extension currently in place expires on December 24, 2025, and Blue Sky is seeking an extension to February 7, 2026.
19. Since filing the NOI, Blue Sky has acted and continues to act in good faith and with due diligence, and has taken the following steps:
 - (a) communicated with various vendors regarding the NOI Proceedings;
 - (b) communicated with working interest partners to ensure Blue Sky receives payment for production revenue;
 - (c) paid all post-filing obligations that have come due and payable;

- (d) communicated with the Alberta Energy Regulator regarding its expectations for regulatory compliance during the NOI Proceedings;
- (e) communicated with the British Columbia Energy Regulator regarding license transfers;
- (f) downsized staff to reduce overhead costs;
- (g) worked with the Proposal Trustee, Sayer Energy Advisors (the "**Sales Agent**") and the Interim Lender on the formulation of the sales and investment solicitation process;
- (h) engaged the Sales Agent, to assist with the implementation of the SISP;
- (i) worked with Sayer to obtain valuations on certain non-core assets;
- (j) worked on negotiating the sale of certain royalty interests and non-core assets;
- (k) negotiated the Interim Financing Facility with the Interim Lender;
- (l) worked with the Sales Agent, the Proposal Trustee and the Interim Lender on the implementation of the SISP;
- (m) launched, in conjunction with the Sales Agent, the SISP on December 4, 2025; and
- (a) prepared, with the assistance of the Proposal Trustee, the updated Cash Flow Projections.

20. The requested extension is being sought to allow for the continuation of the SISP and to protect Blue Sky's business and operations Blue Sky works to develop a viable proposal for the benefit of stakeholders. I believe that preserving the value of the business in the proposed manner will achieve a better result for Blue Sky's stakeholders than would a liquidation.
21. The extension would allow Blue Sky to continue formulating a viable proposal for the benefit of all stakeholders, and I believe that Blue Sky will be able to make such a proposal.
22. To date, I have not been made aware of any creditor that would be materially prejudiced nor am I aware of any creditor intending to object to an extension of the time for filing a proposal.
23. Blue Sky has sufficient cashflow to continue its operations during the requested extension of the NOI proceedings. The updated Cash Flow Projections will be included in the Third Report of the Proposal Trustee, to be filed in support of this application.

24. I make this Affidavit in support of Blue Sky's Application to (i) extend the time for filing the proposal by an additional 45 days; (ii) approve the KERP and the KERP Charge; and (iii) seal the unredacted copy of the KERP.

SWORN BEFORE me in the City of Calgary,
in the Province of Alberta, this 10th day of
December, 2025.



A Commissioner for Oaths in and for the
Province of Alberta



MIKE BOUVIER

LENA LORRAINE McGUIRE
A Commissioner for Oaths
in and for the Province of Alberta
My Commission Expires August 12, 2027

THIS IS EXHIBIT "A"
referred to in the Affidavit of

MIKE BOUVIER

Sworn before me this 10th day
of December, 2025.



A Commissioner for Oaths
in and for the Province of Alberta

LENA LORRAINE McGUIRE
A Commissioner for Oaths
in and for the Province of Alberta
My Commission Expires August 12, 2027

KEY EMPLOYEE RETENTION PLAN

1. This Key Employee Retention Program ("**KERP**") sets out the retention plan proposed by Blue Sky Resources Ltd. (the "**Applicant**").

KERP

2. The primary objective of the KERP is to motivate key employees and consultants set out in Appendix "A" attached hereto (the "**KERP Recipients**") who are vital to the ongoing operations of the Applicant to continue in their current roles during these challenging times and to aid in the preservation of value for the stakeholders. The KERP Recipients are instrumental to servicing current operational and compliance commitments to the Alberta Energy Regulator and the British Columbia Energy Regulator, running the ongoing oil and gas operations of the Applicant and assisting in the monetization of assets for the maximization of value for the benefit of all stakeholders.

Key Employees

3. A list of KERP Recipients can be found in **Appendix A** of this KERP along with the proposed payout (the "**Retention Pay**") to each KERP Recipient.
4. The employees and contractors selected for this KERP have the skills, knowledge and capabilities to serve in the present ongoing business needs of the Applicant, keep the business running to preserve maximum value for all stakeholders and assist in the sales and investment solicitation process ("**SISP**") which was approved by this Honourable Court on November 20, 2025.
5. The KERP Recipients have other employment options available to them and are not replaceable in the near term due to their specialized skills and roles with the Applicant, relationships with stakeholders, their specific knowledge of the business and affairs of the Applicant and the stringent deadlines that the Applicant must comply with during the NOI proceedings. Any replacements for the KERP Recipients would face a steep learning curve in this specialized industry and may require additional training to develop a thorough understanding of the Applicant's business which would pose a challenge given the time constraints under which the Applicant is presently operating.
6. The KERP Recipients perform the following functions collectively:
 - a. Day-to-day management of the oil and gas operations;
 - b. Specific financial reporting and specifically reporting as required during the NOI proceedings;
 - c. Ensuring ongoing contract management with key stakeholders is undertaken and managed to ensure continuity of service;
 - d. Preparing operational and compliance plans to ensure ongoing compliance with all regulatory requirements of the Alberta Energy Regulator and British Columbia Energy Regulator; and

- e. Preparation of financial records and support of audits, due diligence, processes, contract, profitability and payroll support.
- 7. Attention to all of these items is especially important to the ongoing success of the Applicant and the NOI process.
- 8. The KERP provides Retention Pay based on the individual's position and impact and value to the business. The Applicant believes that the KERP properly incentivizes the KERP Recipients as it demonstrates the Applicant's ability to reward employees and contractors financially for their commitment to stay and ensure the processes put into place are successful.

Retention Period in terms of Payment

- 9. Payments to those entitled to receive them will be made in one lump sum following the closing of the sale(s) of substantially all of the Applicant's assets or the termination of the SISP, whichever is earlier (the "**Retention Period**"). The lump sum payments will be subject to the required tax withholdings and source deductions. The KERP and the Retention Pay is subject to the following terms and conditions:
 - a. The KERP Recipients must remain employed in their current position, or as otherwise directed by the Applicant, through to the end of the Retention Period to be eligible to receive the Retention Pay;
 - b. The KERP Recipients must fulfill their performance expectations and work their regular schedule throughout the Retention Period; and
 - c. If, during the Retention Period, the KERP Recipients voluntarily resign or retire, or involuntarily separate for any reason, other than total disability, death or termination without cause, they will not receive any Retention Pay, prorated or otherwise.

KERP Charge

- 10. The Retention Pay contemplated herein shall be secured by a Court-ordered charge against all of the Property (as defined in the Order of this Honourable Court dated October 15, 2025 in the within NOI proceedings) of the Applicant (the "**KERP Charge**") which KERP Charge will rank subordinate to the Administration Charge and the Interim Lender's Charge. The KERP Charge will be in the aggregate amount of \$75,000.

APPENDIX A – KERP Recipients

| Name | Position | Role / Importance | Proposed Retention Pay |
|------------|--|--|------------------------|
| [REDACTED] | [REDACTED] [REDACTED] [REDACTED] | [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] | [REDACTED] |
| [REDACTED] | [REDACTED] | [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] | [REDACTED] |
| [REDACTED] | [REDACTED] | [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] | [REDACTED] |