

Clerk's Stamp:

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 February 25, 2026

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**”), my affidavit sworn October 30, 2025, my affidavit sworn November 4, 2025, my affidavit sworn December 10, 2025, my affidavit sworn January 28, 2026, my affidavit sworn February 11, 2026, my supplemental affidavit sworn February 13, 2026 and my supplemental affidavit #2 sworn February 17, 2026 (collectively, the “**Bouvier Affidavits**”) 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 Bouvier Affidavits.

Sale of Certain Non-Operated Interests

5. On November 20, 2025, the Court of King’s Bench of Alberta granted an order (the “**SISP Order**”) approving a sale and investment solicitation process (“**SISP**”) to be undertaken by Sayer Energy Advisors, as sales agent (the “**Sales Agent**”) and KSV Restructuring Inc., in its capacity as proposal trustee (the “**Proposal Trustee**”). Attached hereto and marked as **Exhibit “A”** is a copy of the SISP Order.
6. The SISP was commenced on December 5, 2025 and the deadline for non-binding offer was January 29, 2026 at 4:00 pm MT (the “**Bid Deadline**”). Following the Bid Deadline, the Sales Agent and the Proposal Trustee reviewed the bids received and recommended that Blue Sky proceed to negotiate with certain bidders who had submitted bids for various non-operated assets of Blue Sky, which could be completed on an expedited basis as they would not be subject to license transfer approvals by the Alberta Energy Regulator.
7. The sale of non-operated assets by Blue Sky was contemplated in the cash flow projections filed in respect of the stay extension application heard by the Honourable Justice G.S. Dunlop on February 3, 2026. The sale of non-operated assets was also discussed in the Fifth Report of the Proposal Trustee as a means to continue the funding of these proceedings.
8. On February 18, 2026, pursuant to approval and vesting orders granted by the Honourable Justice C. M. Jones, the sale of certain non-operated assets to Baytex Energy Ltd., Obsidian Energy Ltd. and Peyto Exploration & Development Corp. were approved (the “**Sale Approval Orders**”). Each of these transactions closed on February 20, 2026.

9. I am advised by my counsel, Anthony Mersich at DLA Piper (Canada) LLP and verily believe that at the February 18, 2026 application, Canada Revenue Agency ("**CRA**") raised concerns about the distribution of the sale proceeds from the transactions approved under the Sale Approval Orders.
10. I am advised by my counsel, Anthony Mersich at DLA Piper (Canada) LLP and verily believe that CRA has asserted that it has pre-filing claim of approximately \$131,000 in respect of unremitted goods and services taxes. There has been no claims process in these proceedings so no determination as to the validity or quantum of any claim by CRA has been made at this point in the NOI proceedings.
11. In accordance with the terms of the Sale Approval Orders, the sale proceeds from those transactions are being directed to the payment of the outstanding professional fees which are secured by the first-ranking, super-priority Administration Charge granted in these proceedings. Attached hereto and marked as **Exhibit "B"** are copies of the Sale Approval Orders.

Disputed Production Revenue

25. Pursuant to a credit agreement dated July 24, 2024 (the "**Credit Agreement**"), Aces Canada SPV III ULC ("**Aces**") advanced USD \$16,250,000 to Blue Sky (the "**Loan**"). The Loan is secured against certain of Blue Sky's oil and gas assets, referred to in these proceedings as the "Red Earth Assets". Attached hereto and marked as **Exhibit "C"** is a copy of the Credit Agreement.
26. Under the terms of the Credit Agreement, the Loan is to be repaid through monthly payments, and the funds for such monthly payments are generated from a from the sale of a portion of the oil production from the Red Earth Assets (the "**TIK Payments**").
27. Pursuant to an Amended and Restated Direct Pay Agreement among Blue Sky, Aces and Macquarie dated September 12, 2025 (the "**A&R Direct Pay Agreement**"), Macquarie receives the oil production from the Red Earth Assets and facilitates the sale of same. Following such sale, on the 25th day of each month, Macquarie directs the TIK Payments to Aces for is proportionate share of production revenue from the Red Earth Assets for the prior month, and Blue Sky receives the residual amount. Attached hereto and marked as **Exhibit "D"** is a copy of the A&R Direct Pay Agreement.

28. Aces received its TIK Payment on September 25, 2025, the day following the commencement of these NOI proceedings.
29. On October 23, 2025, Blue Sky wrote to Macquarie, requesting that Macquarie revoke the TIK Payment due on October 25, 2025, the result of which would be that the TIK Payment would be paid to Blue Sky, rather than to Aces. Attached hereto and marked **Exhibit "E"** is a copy of the email correspondence from Blue Sky to Macquarie dated October 23, 2025.
30. On October 30, 2025, Blue Sky and Aces entered into an interim financing term sheet (the "**Term Sheet**"), which was approved by an order granted by Justice Nielson in these proceedings on November 7, 2025. The Term Sheet provides that the TIK Payments payable on October 25, 2025 and November 25, 2025, would be paid by Macquarie to Aces, and then further advanced to Blue Sky as an interim advance under the Term Sheet.
31. Beginning in late-December 2025, Aces, delayed or refused advancing funds to Blue Sky under the term sheet, to Blue Sky's detriment without any valid explanation or basis. Aces' delay and refusal to advance funds to Blue Sky put the NOI proceedings at risk, and caused Blue Sky to accrue significant post-filing obligations to various creditors.
32. On January 6, 2026, Aces requested that Blue Sky acknowledge a statement of facts which required Blue Sky to acknowledge an unspecified event of default under the Term Sheet which would allow Aces to enforce against Blue Sky at any time. Attached hereto and marked as **Exhibit "F"** is a copy of the email correspondence from Aces' counsel to Blue Sky's counsel dated January 6, 2026.
33. On January 7, 2026, counsel for Aces confirmed that the alleged event of default under the Term Sheet was in respect of 17(n) hereof which states:

The Borrower covenants and agrees with the Interim Lender, so long as any amounts are outstanding by the Borrower to the Interim Lender hereunder, to not:

(n) solicit, initiate or take any action, whether through supporting anyone or otherwise, to facilitate or encourage Macquarie to limit, reduce or otherwise not abide by its payment obligations in the A&R Direct Pay Agreement...

Attached hereto and marked as **Exhibit "G"** is a copy of the email correspondence from Aces' counsel to Blue Sky's counsel dated January 7, 2026.

34. At no time between the date the Term Sheet was entered into by Blue Sky and Aces and January 6, 2026, did Blue Sky take any action to solicit or encourage Macquarie to not abide by the terms of the A&R Direct Pay Agreement. Blue Sky refused to sign the acknowledgement provided by Aces' counsel.
35. Thereafter, Aces advanced further interim financing funds under the Term Sheet. It is important to note, however, that the funds requested on December 19, 2025 were advanced in four tranches as follows:
 - (a) December 24 - \$413,410.52;
 - (b) January 9 - \$102,735.00;
 - (c) January 14 - \$226,854.48; and
 - (d) January 20 - \$283,159.19.
36. On January 15, 2026, Blue Sky submitted its final draw request to Aces for the final \$505,000 of interim funds authorized under the Term Sheet (the "**Final Draw Request**"). Aces has refused to advance the funds requested under the Final Draw Request.
37. On February 18, 2026, Aces, for the first time, informed Blue Sky that it would not be advancing the funds requested under the Final Draw Request.
38. Aces has never provided Blue Sky with notice that an Event of Default has occurred under the Term Sheet.
39. On February 19, 2026, Blue Sky, through counsel, sent two letters:
 - (a) A letter to Aces advising that Aces conduct clearly demonstrates that Aces does not intend to fulfill its obligations under the Term Sheet, and therefore, Aces has repudiated the Term Sheet, and that Blue Sky accepts such repudiation and reserves its rights against Aces; and
 - (b) A letter to Macquarie requesting that Macquarie hold the TIK Payment due to be paid on February 25, 2026 (the "**February TIK Payment**"), pending direction from this Honourable Court as to the entitlement of those funds.

Attached hereto and marked as **Exhibit "H"** are copies of the letters to Aces and Macquarie dated February 19, 2026.

40. On February 22, 2026, Aces, through its counsel sent a letter to Blue Sky alleging multiple events of default under the Term Sheet and asserting that Blue Sky's operations were not prejudiced by any delay in Blue Sky receiving funding. Attached hereto and marked as **Exhibit "I"** is a copy of the letter from Aces' counsel dated February 22, 2026.
41. Contrary to the assertion that the delay in funding did not cause any operational prejudice to Blue Sky, the following negative impacts occurred:
- (a) On January 9, 2026, Blue Sky was unable to pay its field operators in full for work completed. Those field operators were not fully paid until after January 20, 2026 and three field operators ceased working for Blue Sky as a result of not being paid;
 - (b) In January 2026, Blue Sky had insufficient funds in its bank account to remit monthly royalty payments to Alberta Energy;
 - (c) On January 26, 2026, Blue Sky was unable to remit its monthly pre-payment for electricity services to Direct Energy which resulted in Direct Energy terminating service and Blue Sky having to move to the default electricity providers in each area where it operates. The default electricity providers asked for monthly prepayments ranging from \$800,000 to \$1.8 million which Blue Sky has no ability to pay;
 - (d) Although Blue Sky had accrued certain post-filing obligations until December 31, 2025 on the expectation that those obligations would be dealt with as cure costs in the SISF, since December 31, 2026, Blue Sky's post-obligations have grown to almost \$2.0 million, including professional fees, trade payables, royalties, utility payments and surface and mineral lease payments.
42. On multiples occasions throughout January and early February 2026, Blue Sky, through its counsel advised Aces of the impact that the failure to advance the interim funding in a timely manner was having on Blue Sky's operations and on the assets over which Aces held security. Attached hereto and marked as **Exhibit "J"** are copies of the emails and letters from Blue Sky's counsel to Aces' counsel regarding the interim financing.
43. The February TIK Payment is a payment to repay the Loan, which is a pre-filing obligation. I am advised by my counsel, Anthony Mersich at DLA Piper (Canada) LLP that since the Loan is a pre-filing obligations, Aces is stayed from enforcing payment of the February TIK Payment pursuant to section 69 of the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3.

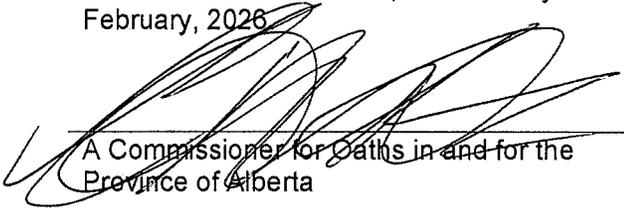
- 44. I believe that by delaying payment of the funds requested under the Term Sheet, and by having refused to advance the funds requested under the Final Draw Request, each without any valid basis or reason, Aces has failed to act in good faith in these proceedings. The delays in advancing funds and the refusal to advance the Final Draw Request has caused Blue Sky significant financial distress throughout these proceedings and has resulted in a substantial amount of post-filing amounts accrued.

- 45. In light of the foregoing, Blue Sky should be entitled to the February TIK Payment to address post-filing obligations that have accrued, and to pay for administering the remainder of these proceedings.

Conclusion

- 46. I make this Affidavit in support of Blue Sky's Application to, among other things, determine the entitlement to the February TIK Payment.

SWORN BEFORE me in the City of Calgary,)
in the Province of Alberta, this 25th day of)
February, 2026)



A Commissioner for Oaths in and for the)
Province of Alberta)

CAROLE HUNTER
BARRISTER AND SOLICITOR



MIKE BOUVIER