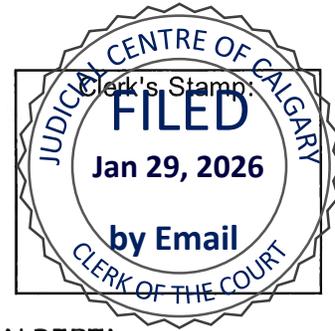


COURT/ESTATE FILE NUMBER

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

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/ anthony.mersich@ca.dlapiper.com

File No. 101988-00025

AFFIDAVIT OF MIKE BOUVIER
Sworn on January 28, 2026

I, MIKE BOUVIER, of the City of Calgary, in the Province of Alberta, **SWEAR 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 and my affidavit sworn December 10, 2025 (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.

Blue Sky's Operational Update

5. On November 10, 2025, the Alberta Energy Regulator (the "**AER**") issued a suspension order that required Blue Sky to suspend its operations in Alberta by December 10, 2025 (the "**Suspension Order**"). Despite this, the Suspension Order allowed Blue Sky to submit a plan for the continued operation of specific sites if such plan was approved by the AER. Attached hereto and marked as **Exhibit "A"** is a copy of the Suspension Order.
6. On November 24, 2025, Blue Sky submitted a plan to the AER with respect to certain sites which it proposed to continue operating (the "**Operating Plan**"). The continued operation of these sites was needed to assist in the funding of the NOI proceedings.
7. On December 8, 2025, the AER issued a decision wherein they denied Blue Sky's request to continue its operations in accordance with the Operating Plan (the "**Denial**"). Attached hereto and marked as **Exhibit "B"** is a copy of the AER's Denial dated December 8, 2025. The Denial provided Blue Sky until December 17, 2025 to suspend the sites that were included in the Operating Plan.
8. On December 17, 2025, Blue Sky filed a Request for Regulatory Appeal of the Denial and a request for a stay pending appeal (the "**Stay Request**") with AER Appeals Division ("**AER Appeals**"). On the same date, the AER granted Blue Sky an extension to January 19, 2026 to suspend the sites that were included in the Operating Plan.
9. Following the delivery of written submissions on the Stay Request from Blue Sky and the AER, AER Appeals denied the Stay Request. The AER has now provided Blue Sky until February 6, 2026 to complete the suspension of its Alberta oil and gas assets. Blue Sky has commenced the process of shutting in its remaining oil and gas assets in Alberta.

Continued Financing of the NOI Proceedings

10. The Interim Lender has advanced \$1,995,000 under the Interim Financing Facility that was approved by the Court on November 7, 2025. On January 15, 2026, Blue Sky requested a further advance of \$505,000 from the Interim Lender. These funds would provide Blue Sky with sufficient liquidity to continue its operations until at least February 18, 2026.
11. At this time, it is unclear whether the Interim Lender will continue to provide financing to allow Blue Sky to continue and complete the SISP and these NOI proceedings given the suspension of the Alberta assets. Despite this, Blue Sky continues to operate its oil and gas assets in British Columbia and believes that this revenue, combined with the sales generated from the SISP would support Blue Sky's continued restructuring.
12. The Bid Deadline for the SISP is January 29, 2026 and Blue Sky expects that the Proposal Trustee will file a confidential report with the Court outlining the bids received by the Bid Deadline and, specifically, those bids that could potentially be closed on an expedited basis to provide funding for Blue Sky's continued operations. Blue Sky anticipates that the information regarding the bids received in the SISP will also assist the Interim Lender in determining whether to continue to provide funding for the NOI Proceedings.
13. Blue Sky has booked an application before the Honourable Justice C. J. Jones on February 18, 2026 where it anticipates seeking the approval of an amended and restated interim financing term sheet which would provide liquidity for the remainder of the NOI Proceedings.

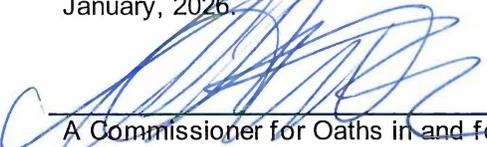
Extension of Time to File Proposal

14. Blue Sky is seeking an additional extension of time to file a proposal. On December 17, 2025, the Honourable Justice G. S. Dunlop 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 February 7, 2026.
15. Blue Sky requires a final extension of 45 days to file its proposal. The extension currently in place expires on February 7, 2026, and Blue Sky is seeking an extension to March 24, 2026.
16. 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 post-filing obligations that have come due and payable or has classified such obligations as "cure costs" to be paid as part of a transaction arising from the SISP;
 - (d) communicated with the Alberta Energy Regulator regarding its expectations for regulatory compliance during the NOI Proceedings;
 - (e) prepared submissions for the Request for Regulatory Appeal and Stay Request in respect of the AER's Denial of the Operating Plan;
 - (f) communicated with the British Columbia Energy Regulator regarding license transfers;
 - (g) downsized staff to reduce overhead costs;
 - (h) 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;
 - (i) engaged the Sales Agent, to assist with the implementation of the SISP;
 - (j) worked with Sayer to obtain valuations on certain non-core assets;
 - (k) worked on negotiating the sale of certain royalty interests and non-core assets;
 - (l) negotiated the Interim Financing Facility with the Interim Lender;
 - (m) engaged in numerous correspondences with the Interim Lender regarding drawing down on the Interim Financing Facility;
 - (n) worked with the Sales Agent, the Proposal Trustee and the Interim Lender on the implementation of the SISP;
 - (o) 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.
17. The requested extension is being sought to permit additional time to negotiate additional interim funding from the Interim Lender, and to allow for the continuation and completion 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 receivership or bankruptcy.

- 18. 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.
- 19. 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.
- 20. Blue Sky anticipates having sufficient cashflow to continue its operations during the requested extension of the NOI proceedings. The updated Cash Flow Projections will be included in the Fifth Report of the Proposal Trustee, to be filed in support of this application.
- 21. I make this Affidavit in support of Blue Sky's Application to extend the time for filing the proposal by an additional 45 days.

SWORN BEFORE me in the City of Calgary,)
in the Province of Alberta, this 28th day of)
January, 2026.)



A Commissioner for Oaths in and for the
Province of Alberta



MIKE BOUVIER

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

MIKE BOUVIER

Sworn before me this 28th day
of January, 2026.



A Commissioner for Oaths
in and for the Province of Alberta

Made at Calgary, in the Province of Alberta, on November 10, 2025	ALBERTA ENERGY REGULATOR
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Under sections 22, and 27 of the *Oil and Gas Conservation Act (OGCA)*, and section 23 of the *Pipeline Act*.

Blue Sky Resources Ltd.
800, 215 – 9 Ave SW
Calgary, AB T2P 1K3

(Blue Sky, or the Licensee)

WHEREAS Blue Sky Resources Ltd. (Blue Sky) is the holder of the business administration code A7XK and holds well, facility and pipeline licences granted by the Alberta Energy Regulator (AER) under the *OGCA* and the *Pipeline Act* (collectively, the Licences) as listed in Appendix 1;

WHEREAS there is physical infrastructure associated with the Licences, including wells, facilities, and pipelines (the Sites) and whereas Blue Sky is the operator of the Sites;

WHEREAS the Licences have been used to produce, process or transport natural gas, produced water, condensate, and/or other deleterious materials (collectively, the Substances);

WHEREAS the Substances are a substance, as defined in section 1(mmm) of *Environmental Protection and Enhancement Act (EPEA)*;

WHEREAS Blue Sky is a person responsible for the Substances, as defined in section 1(tt) of *EPEA*;

WHEREAS the Substances are known to cause an adverse effect to the environment;

Compliance with AER Orders

WHEREAS on July 18, 2024, AER issued an Environmental Protection Order (“2024 EPO”) to Blue Sky regarding a release from their licensed pipeline licence 59584 segment 8, directing that Blue Sky submit and execute on a Communications Plan, Containment and Mitigation Plan, Sampling and Monitoring Plan, Fish and Wildlife Mitigation Plan, Remediation Plan and Waste Management Plan, as approved and authorized by the AER;

WHEREAS the AER has issued three (3) failure to comply letters to Blue Sky related to clause 13 of the 2024 EPO;

WHEREAS it has been over 480 days since the release occurred;

WHEREAS of the date of this Order, Blue Sky remains in breach of clause 13 of the 2024 EPO;

WHEREAS on September 3, 2024, AER issued Reasonable Care and Measures Order (“2024 RCAM Order”) to help mitigate the risk of Blue Sky being unable to fulfil its reasonable care and measures obligations;

WHEREAS clause 1a of the 2024 RCAM Order stated, “Blue Sky must demonstrate the ability to provide RCAM no later than thirty (30) days from the date of this Order: Blue Sky must provide proof that the pipeline integrity program has been updated to address all pipeline related noncompliances identified in FIS”;

WHEREAS on June 27, 2025, Blue Sky submitted a mitigation plan for clause 4 of the 2024 RCAM Order where it identified P29083-1 as high risk and with mitigation measures applied it was reduced to medium risk;

WHEREAS on October 9, 2025, the AER inspector conducted an investigation (#558396) on P29083-1;

WHEREAS section 15(1) of the Pipeline Rules state, “A licensee, ..., must develop and implement a documented Integrity Management Program for its pipeline as described in Annex N of CSA Z662”;

WHEREAS the AER inspector identified Blue Sky has not conducted the monthly pig/batch inhibition, as described in Blue Sky’s pipeline integrity management program, since February 2024;

WHEREAS the AER inspector identified Blue Sky’s implementation of the mitigation/monitoring procedures outlined in the licensee’s pipeline integrity management program and pipeline operations management manual were insufficient;

WHEREAS clause 4 of the 2024 RCAM Order states, “Blue Sky must provide a detailed plan to address all risks identified in their pipeline risk assessment (the Pipeline Plan). The Pipeline Plan must include timelines for plan implementation and completion of actions and must be provided to the Manager no later than thirty (30) days from the submission date of the risk assessment in Clause 3”;

WHEREAS on July 24, 2025, the AER approved of the Pipeline Plan submitted by Blue Sky;

WHEREAS Blue Sky’s approved Pipeline Plan identified 22 high risk pipelines, the plan included mitigation measures within defined timeframes for engineering assessments to be completed for two of the high risk pipelines identified;

WHEREAS clause 5 of the 2024 RCAM Order stated, “Blue Sky must implement the Pipeline Plan as approved by the Manager”;

WHEREAS per an operational update provided by Blue Sky to AER on October 17, 2025, Blue Sky has failed to implement the Pipeline Plan as approved, which states Blue Sky would conduct an engineering assessments for two high risk pipeline licences by September 30, 2025;

WHEREAS on October 29, 2025, the AER issued a Failure to Comply Letter to Blue Sky for failing to comply with clause 5 of the 2024 RCAM Order;

WHEREAS clause 6 of the RCAM Order stated, "Blue Sky must address all outstanding noncompliances including those listed in Appendix 3, no later than sixty (60) days from the date of this Order";

WHEREAS on July 22, 2025, the AER issued a Failure to Comply letter to Blue Sky for failing to fulfil clause 6 of the 2024 RCAM Order;

WHEREAS as of October 27, 2025, Blue Sky has 55 noncompliant inspections as detailed in Appendix 2 of this order, 12 of which remain unresolved and were originally cited in the 2024 RCAM Order Appendixes 2 and 3, as indicated within Appendix 2 of this order;

WHEREAS in an update provided to the AER on November 7, 2025, Blue Sky indicated that of the 55 noncompliances listed in Appendix 2, Blue Sky has made submissions and is awaiting closure of 10 of these, and awaits AER comments on another five of these;

WHEREAS Clause 7 of the 2024 RCAM Order directs that failure to meet requirements outlined in the 2024 RCAM Order may result in discontinuation of all pipeline licences and associated segments;

WHEREAS on July 31, 2025, AER issued an Order (the July 2025 Order) to Blue Sky, directing Blue Sky to submit security funds by August 31, 2025, and failing which, to suspend its sites within 14 days of suspension direction given by the AER;

WHEREAS on August 6, 2025, Blue Sky requested an extension to the July 2025 Order and proposed to provide the security in installments;

WHEREAS on September 3, 2025, Blue Sky had satisfied the first installment of \$1.5M of security to the AER;

WHEREAS on September 3, 2025, AER approved an extended deadline of September 30, 2025, for the second security installment;

WHEREAS on September 10, 2025, Blue Sky wrote it was unable to fulfil security requirements of the July 2025 Order;

WHEREAS on September 11, 2025, AER advised Blue Sky to start voluntarily suspending all its licences, given that they have stated they will not comply with the security order, which held the compliance deadline of September 30, 2025, for security installment;

WHEREAS on September 11, 2024, Blue Sky wrote that it would proceed to voluntarily shut down all properties;

Reasonable Care and Measures Concerns

WHEREAS of October 28, 2025, Blue Sky's average field compliance rating for the previous three (3) years based on 204 inspections is 48%;

WHEREAS from January 1 to October 28, 2025, the AER conducted 63 inspections of Blue Sky's sites of which 21 were satisfactory, for a field compliance rating of 33%;

WHEREAS Blue Sky's three-year average time to correct an AER identified field noncompliance was 70 days, compared to the three-year industry average time of 35 days to correct field noncompliances;

WHEREAS during a standard AER inspection, an inspector evaluates 30 items for compliance, and AER records reflect that for the most recent three-year timeframe, industry averages 3.37% of noncompliant items noted per inspection;

WHEREAS by comparison, Blue Sky's percentage of noncompliant items per inspection averages at 11.9% over the same three-year timeframe;

WHEREAS on February 7, 2025, AER issued a notice of noncompliance to Blue Sky for failing to complete and submit into AER records a packer isolation test on 36 wells that were due during the 2024 calendar year to fulfil requirements as outlined within *Directive 087: Well Integrity Management (D087)*;

WHEREAS as of October 28, 2025, seven (7) of the 36 wells identified in the February 7, 2025, notice of noncompliance remain noncompliant and without AER record of tests submitted, outstanding since 2024;

WHEREAS Section 2.2 of *Directive 087: Well Integrity Management (D087)* states that any failure identified through a packer isolation test, site visit, or triennial monitoring program must be reported through the designated information submission system within 30 days of detection, and upon detection, licensees must investigate failures and complete necessary remedial work and retest for hydraulic isolation, and repair must be completed and satisfactory test results reported through the designated information submission system within 90 days of failure detection;

WHEREAS on October 16, 2025, AER issued a notice of noncompliance to Blue Sky for 16 wells that have failed isolation tests and where repair requirements are overdue to meeting regulatory requirements, according to AER records;

WHEREAS on October 16, 2025, Blue Sky responded to AER's Notice of Noncompliance for the 16 well repairs, indicating that it has filed a Notice of Intention (NOI) on September 24, 2025, which has "resulted in delays in funding for all projects as trustee approval is now required for any given spend", and that Blue Sky would be seeking six month extensions for repairs on the wells;

WHEREAS Seven (7) of the 16 wells which were listed as requiring repairs in the October 16, 2025, notice of noncompliance are shown as operating per an operational update provided by Blue Sky to the AER on October 17, 2025;

WHEREAS on September 9, 2025, the AER issued an extension to Blue Sky for the submission of its required 2025 Enhanced Production Audit Program (EPAP) Declaration, extending its deadline from the original deadline of August 31, 2025, to a new deadline of September 30, 2025 for submission;

WHEREAS on October 27, 2025, AER issued a notice of noncompliance to Blue Sky for failing to submit the 2025 EPAP Declaration, as required in Section 2 of *Directive 076: Operator Declaration Regarding Measurement and Reporting requirements*;

WHEREAS in three (3) outstanding incidents from previous years, Blue Sky has failed to submit a Phase 2 ESA or complete remediation and submit a report to the AER by required due dates in accordance with the *Remediation Regulation* section 2.2 (1), and Blue Sky has three (3) 2025 incidents where these required submissions or reports have not been filed as of the date of issuance of this order, see Appendix 3;

WHEREAS in five (5) outstanding incidents, Blue Sky has failed to submit an acceptable remedial action plan to the AER in accordance with the *Remediation Regulation* section 2.2 (2), see Appendix 3;

WHEREAS in fifteen (15) outstanding incidents, Blue Sky has failed to take remedial measures within the time period specified in an accepted remedial action plan in accordance with *Remediation Regulation* section 2.2(5), see Appendix 3;

WHEREAS through several AER site inspections, inspectors have raised concerns surrounding Blue Sky's performance in remediation activities on sites with unresolved incidents listed in Appendix 3, see specifics below;

WHEREAS at the site associated with incident number 20251295, initially reported on June 2, 2025, as listed in Appendix 3, inspectors found the temporary storage cell liner did not extend outside of the dike and it was not keyed into the outside of the dike which is noncompliant with *Directive 055: Storage Requirements for the Upstream Petroleum Industry (D055)*, Section 4.2.2 (149)(a);

WHEREAS at the site associated with incident number 20241592, initially reported on July 8, 2024 and the site of the outstanding 2024 EPO and as listed in Appendix 3, inspectors issued several noncompliances with *D055*, Section 4.2.2 (149)(a) and (b) regarding the management of the temporary storage cell holding contaminated material as holes continue to exist in the liner holding contaminated material;

WHEREAS at the site associated with incident number 20242979 initially reported on December 20, 2024, as listed in Appendix 3, inspector found the temporary storage cell holding contaminated soils was noted to be completely full and spilling over the cell wall in multiple places. A ramp had been built into the cell which will allow contamination to migrate through the soil during a precipitation event. Contaminated surface water that had collected on site and was pumped into the cell appeared to have leached through the soil and flowed out of the cell onto the 10-03 pad. These observations demonstrate the site is noncompliant with Section 4.2.2(149)(b) of *D055*;

WHEREAS at the site associated with incident number 20222143 initially reported on September 17, 2022 as listed in Appendix 3, inspectors issued several noncompliances with *D055*, Section 4.2.2 regarding the management of the temporary storage cell holding contaminated material;

Reasonable Care and Measures Concerns – Insolvency Proceedings

WHEREAS on September 24, 2025, the AER was notified Blue Sky filed a notice of intent under the *Bankruptcy and Insolvency Act (BIA)*;

WHEREAS on September 30, 2025, AER emailed Blue Sky to request an operational update on its progress on its suspension actions;

WHEREAS on October 1, 2025, Blue Sky responded and deferred response to its counsel and the court-appointed Proposal Trustee under the BIA process;

WHEREAS on October 7, 2025, Blue Sky counsel responded to the AER indicating Blue Sky would be prepared to provide an operational update in a scheduled meeting on October 9, 2025;

WHEREAS on October 9, 2025, AER met with Blue Sky, Blue Sky's court-appointed Proposal Trustee, and legal counsels during which meeting the parties reviewed Blue Sky's inventory, outstanding compliance and incident matters, reviewed expected timelines for the *BIA* sales process and expectations that a Licensee fulfil regulatory requirements and environmental obligations during a *BIA* process;

WHEREAS in the meeting, Blue Sky's counsel confirmed that the directors and control persons for Blue Sky remain as the party in authority and operational lead for Blue Sky;

WHEREAS during the October 9, 2025, meeting, Blue Sky stated that upon determining it would pursue a BIA process, the company ceased action on suspending its sites and pivoted its focus to prepare for a BIA process;

WHEREAS Blue Sky was unable to provide an update on the specific sites operating and those that has been suspended at the meeting as the AER requested, and agreed to provide a full listing by October 14, 2025.

WHEREAS on October 17, 2025, Blue Sky provided a detailed operational report requested by the AER, ("October 17, 2025, operation update") including a list of sites that remain operating, those that are not operating, incidents and noncompliant inspections, and an update on progress of its Pipeline Plan to fulfil the 2024 RCAM Order;

WHEREAS in the October 17, 2025, operational update, Blue Sky indicated that 110 well licences, 21 facilities and 325 pipeline segments remain operating, some of which have outstanding noncompliant actions as detailed below;

WHEREAS in the October 17, 2025, operational update, Blue Sky indicated that 2,936 wells and 267 facilities are not operating;

Summary

WHEREAS Blue Sky has failed to fulfil requirements of the 2024 RCAM Order clauses for implementing its approved Pipeline Plan and pipeline integrity management programs, and as a result Blue Sky has failed to demonstrate it can fulfil reasonable care and measures of its pipelines and has failed to demonstrate it can safely operate its pipelines within regulatory requirements;

WHEREAS Blue Sky failed to respond in a timely manner to the release at location 08-31-078-08W5, has unresolved Incident Sites with outstanding submissions, failed to take remedial measures as specified within its remedial action plans, and as a result, the AER has growing concerns about Blue Sky's ability to respond to an emergency to protect the public and environment;

WHEREAS Blue Sky has failed to resolve noncompliant inspections and incidents, and has failed to fulfil deadlines for requirements and committed actions, and as a result the AER has growing concerns about Blue Sky's ability to safely operate its inventory in a manner that fulfils the regulatory requirements designed to mitigate risks to the public and environment;

WHEREAS Blue Sky's operational update (October 17, 2025) of sites which it continues to operate includes: 10 operating sites with unresolved noncompliances in Appendix 2 of this Order, seven (7) operating wells where repairs are overdue to resolve failed packer isolate tests, two (2) operating licences (1 well, 1 facility) on a site of an unresolved Incident in Appendix 3 of this Order, and two (2) operating pipelines where Blue Sky failed to complete high risk mitigation actions in the timeline per its approved Pipeline Plan, and as a result, AER has concerns over the safety of the public and environment for sites operating;

WHEREAS pursuant to Section 27 of the *OGCA*, a licensee or approval holder shall suspend a well or facility when directed by the Regulator or required by the regulations or rules and the Regulator may order that a well or facility be suspended where the Regulator consider it necessary to do so in order to protect the public or the environment;

WHEREAS pursuant to Section 23 of the *Pipeline Act*, a licensee shall discontinue a pipeline when directed by the Regulator or required by the rules;

WHEREAS pursuant to Section 22 of the *OGCA*, the Regulator may impose any terms and conditions it considers appropriate on the holder of an identification code, licence or approval or on the identification code, licence or approval if the Regulator has reasonable grounds to believe that there has been a contravention of any Act or regulation or rules under the jurisdiction of the Regulator or a direction or order of the Regulator in respect of the operations of the holder;

WHEREAS the Manager is of the opinion that Blue Sky has failed to provide reasonable care and measures for its inventory listed in Appendix 1;

WHEREAS the Manager is of the opinion that Blue Sky's licences listed in Appendix 1 must be put in a safe state to protect the public and environment;

WHEREAS Kaitlin Szacki, Manager, Orphaning & Insolvency (the Manager), has authority to issue orders under the *OGCA* and the *Pipeline Act*;

Therefore, I, Kaitlin Szacki, under sections 22 and 27 of the *OGCA*, section 23 of the *Pipeline Act*, do hereby order the following:

Suspension/Discontinuation

1. **By December 10, 2025**, Blue Sky must suspend/discontinue operations of all the wells, facilities and pipelines listed in Appendix 1 unless otherwise authorized by the Manager in an approved Operating Plan, as outlined in Clauses 7 - 9.
2. All wells and facilities listed in Appendix 1 must be suspended in a manner following safe industry practices and acceptable to the AER, and the status updated in the appropriate AER system by **December 10, 2025**.
3. All pipelines listed in Appendix 1 must be discontinued following safe industry practices and in accordance with the Pipeline Act and the Pipeline Rules **by December 10, 2025**.
4. Blue Sky shall ensure that any containment devices or equipment, including, but not limited to, tanks, vessels, pipelines, lease piping, sumps, drains, tubs, containers, pits or containment rings on any of the Sites must be depressurized, emptied (with all fluids removed from the site and disposed of in a manner acceptable to the AER) and rendered safe according to AER rules and regulations **by December 10, 2025**.
5. On the issuance of this order, any hazards on the Sites that present a risk to public safety, or the environment must be immediately reported to the AER and addressed in a manner and timeframe acceptable to the AER.
6. Blue Sky must confirm in writing that the above suspensions and discontinuations have occurred, and all containment devices have been emptied, **by December 10, 2025**.

Operating Plan

7. **By November 24, 2025**, Blue Sky may submit an **Operating Plan** for AER's decision, should it wish to propose operating select sites. The plan must provide evidence that Blue Sky can meet all regulatory requirements for any sites it proposes to operate. The Operating Plan must:
 - a. list of operators employed to operate sites and respond in case of an emergency event,
 - b. list any unique risks associated with the proposed sites and the mitigation techniques applied,
 - c. resolve any noncompliances associated with the proposed sites,
 - d. resolve immediate risks posed to the environment at all sites, including sites of incidents and sites not proposed for operation;

- e. description of how funds will be allocated for these actions, and how timely funding determinations will be made in light of its BIA process,
 - f. detailed description of how Blue Sky will improve its performance with meeting the regulatory requirements including meeting reporting and submission deadlines for all of its inventory.
8. The Operating Plan is subject to review and approval by the AER, and AER may request additional information.
9. Blue Sky must implement its Operating Plan, as approved by the Manager, prior to operating.
10. Blue Sky must meet all regulatory requirements that currently and continue to exist, such as:
- a. fulfil regulatory direction in a timely manner,
 - b. maintain eligibility requirements and report the AER on all material changes,
 - c. assess and mitigate any risks present at any wells, facilities and pipelines,
 - d. meet all regulatory reporting, notification, and submission requirements and deadlines,
 - e. fulfil timely spill, release and/or emergency response as needed, including timely notification to the AER as required, and assure the safety of public and environment on an on-going basis.
11. Where it is determined Blue Sky has failed to maintain regulatory compliance and/or where Blue Sky has failed to fulfill elements of its approved Operating Plan, AER will direct suspension of the operating sites.

Terms & Conditions

12. All plans and information required in this Order shall be submitted to ComplianceAssurance@aer.ca and Temple.Price@aer.ca and OrphaningInsolvency@aer.ca
13. If requested by the Manager, Blue Sky shall submit, within two (2) business days, any records pertaining to this Order.
14. All submissions of work related to the completion of suspension, or for actions in an AER-approved Operating Plan, shall be submitted in the format, and to the appropriate AER system, as required by AER rules, regulations and requirements.
15. Where a deadline has been specified in this Order, the AER may authorize in writing a different deadline or reporting frequency as applicable.
16. In carrying out the requirements of this Order, Blue Sky shall obtain and comply with all required federal, provincial, or municipal permits and governing legislation and provide to the AER all authorizations obtained immediately upon receipt.

17. All applicable regulatory requirements are to be followed and complied with in the undertaking of any actions or direction prescribed under this Order.

Dated at the City of Calgary in the Province of Alberta, the 10th day of November 2025.



Kaitlin Szacki
Manager, Orphaning & Insolvency
Alberta Energy Regulator

In complying with this order, the party or parties named must obtain all approvals necessary, notwithstanding the above requirements.

This order in no way precludes any enforcement actions being taken regarding this matter under the *OGCA*, and *Pipeline Act*, or any other provincial or federal legislation, or by any other regulator with jurisdiction.

All enforcement actions issued by the AER may be subject to a follow-up review to confirm previous commitments have been completed and measures have been implemented, to ensure similar noncompliances are prevented in the future. The AER may request any information that demonstrates steps have been taken to prevent repeat noncompliances from occurring.

Under the *Responsible Energy Development Act*, an eligible person may appeal decisions that meet certain criteria. Eligible persons and appealable decisions are defined in section 36 of the *Responsible Energy Development Act* and section 3.1 of the *Responsible Energy Development Act General Regulation*. If you wish to file a request for regulatory appeal, you must submit your request according to the AER's requirements. You can find filing requirements and forms on the AER website, www.aer.ca, under Regulating Development: Project Application: Regulatory Appeal Process.

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

MIKE BOUVIER

Sworn before me this 28th day
of January, 2026.



A Commissioner for Oath
in and for the Province of Alberta



Calgary Head Office

📍 Suite 1000, 250 – 5 Street SW
Calgary, Alberta T2P 0R4

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aer.ca

December 8, 2025

By email only: mike.b@bsrl.ca; richard.m@bsrl.ca

Michael Bouvier, President, Blue Sky Resources Ltd.

Blue Sky Resources Ltd.
800, 215 – 9 Ave SW
Calgary, AB T2P 1K3

AER response to Blue Sky's proposed Operating Plan under November 10, 2025, Suspension Order

Dear Mr. Bouvier

The Alberta Energy Regulator (AER) is responding to the Operating Plan submitted by Blue Sky Resources Ltd. ("Blue Sky") on November 24, 2025, as well as the supplementary information requests responded to by Blue Sky on December 2 and 5, 2025, under Clause 7 of the November 10, 2025, Suspension Order. The Suspension Order requires Blue Sky to suspend all of its sites by December 10, 2025, unless specific sites are approved for continued operation by the AER manager under Clauses 7-9. Blue Sky's Operating Plan requests approval to continue operating certain sites ("Proposed Operating Sites").

Following a review of your submitted Operating Plan and supporting materials, the AER has made the decision to deny Blue Sky's request to continue operating sites.

Rationale for Denial:

- **Outstanding Noncompliances:** There has been insufficient action taken to resolve existing noncompliances. These issues remain open and continue to pose environmental and safety risks.
- **Magnitude of High-Risk Noncompliances:** The sheer volume and severity of high-risk noncompliances are unacceptable and indicate systemic deficiencies in compliance management.
- **Lack of Progress on the Environmental Protection Order (EPO):** Despite repeated direction and launch of two investigations, Blue Sky continues to be in breach of the July 18, 2024, EPO related to the release of a substance to the environment, with very little meaningful progress made.

While Blue Sky's Operating Plan makes many commitments to funding future regulatory compliance improvements, these commitments have not reduced the risk on the landscape today, and have not yet changed the compliance performance of Blue Sky.

Where Blue Sky represented a renewed commitment to operating compliantly during the Suspension Order preissuance meeting on November 6, 2025, since the issuance of the November 10, 2025, Suspension Order,

📞 **Inquiries** 1-855-297-8311

📞 **24-hour emergency** 1-800-222-6514

✉ inquiries@aer.ca

AER records reflect 17 new inspections on Blue Sky inventory, resulting in two compliant inspections, 12 noncompliant inspections, and three inspections awaiting information from Blue Sky in order for AER personnel to make a determination on compliance. While these are not overdue with the Follow-Up Deadline Date registered, these noncompliances add to those already reflected for overdue response within Appendix 2 of the Suspension Order.

These factors collectively demonstrate an inability to operate in a manner that ensures public safety, environmental protection, and regulatory compliance.

All Blue Sky sites must be suspended by December 10, 2025, as per the November 10, 2025, Suspension Order. Blue Sky may take an additional week, **until December 17, 2025**, to suspend the Proposed Operating Sites it had included in the Operating Plan.

The AER may conduct unannounced inspections of various locations to assess compliance with the order.

Sincerely,



Kaitlin Szacki

Manager, Orphaning and Insolvency, Regulatory Compliance

cc: Bonni Pierce, Senior Specialist, Orphaning and Insolvency
Jason Dahlgren, Senior Inspector, Regulatory Compliance
Temple Price, Specialist, Licensee Management, Regulatory Compliance
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