



COURT FILE NUMBER **25-3276975**

COURT **COURT OF KING’S BENCH OF ALBERTA**

JUDICIAL CENTRE **CALGARY**

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

DOCUMENT **FIRST REPORT OF THE PROPOSAL TRUSTEE**

OCTOBER 10, 2025

ADDRESS FOR
SERVICE AND
CONTACT
INFORMATION OF
PARTY FILING THIS
DOCUMENT

PROPOSAL TRUSTEE

KSV Restructuring Inc.
324-8th Avenue SW, Suite 1165
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T2P 2Z2

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1.0 Introduction

1. This report (this “**Report**”) is filed by KSV Restructuring Inc. (“**KSV**”), in its capacity as proposal trustee (in such capacity, the “**Proposal Trustee**”) in connection with the Notice of Intention to Make a Proposal (“**NOI**”) filed on September 24, 2025 (the “**NOI Filing Date**”) by Blue Sky Resources Ltd. (“**Blue Sky**” or the “**Company**”) pursuant to Section 50.4(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the “**BIA**”) (the “**NOI Proceeding**”).
2. The certificate of filing for the NOI Proceeding was issued by the Office of the Superintendent of Bankruptcy (“**OSB**”) and is attached hereto as **Appendix “A”**. The Affidavit of Mr. Ilyas Chaudhary, sworn October 8, 2025, provides, among other things, background information concerning the Company’s business, as well as the reasons for the commencement of these NOI Proceedings (the “**First Chaudhary Affidavit**”).
3. The principal purposes of the NOI Proceeding are to: (i) provide for a stay of proceedings to allow the Company an opportunity to complete a court-supervised sale and investment solicitation process to maximize value of the Company’s assets for the benefit of its stakeholders; (ii) to develop a proposal to the Company’s creditors; and (iii) provide a formal process for Blue Sky’s creditors and stakeholders to obtain information about the Company.

1.1 Purposes of this Report

1. This Report is intended to provide the Court of King’s Bench of Alberta (the “**Court**”) with further information related to the relief sought by the Company in its application scheduled for October 15, 2025. This Report specifically provides information regarding:
 - a) the background on the Company, its financial position, and the reasons for the NOI filing;
 - b) the Proposal Trustee’s activities since the NOI Filing Date;
 - c) the Company’s activities since the NOI Filing Date;

- d) the Proposal Trustee's comments and report on the Company's cash flow statement for the period commencing on September 24, 2025 and ending December 28, 2025 (the "**Cash Flow Statement**") filed in the Proceedings pursuant to section 50.4(2)(a) of the BIA;
- e) Blue Sky's application for an Order (the "**First Stay Extension Order**") which, among other matters, would extend the period in which Blue Sky can make a proposal to its creditors and the stay of proceedings up to and including November 9, 2025 (the "**Stay of Proceedings**"); and
- f) Blue Sky's application for an Order (the "**Administration Charge Order**") which, among other matters, grants a charge against Blue Sky's current and future assets, undertakings and properties of every nature and kind whatsoever (including all real and personal property), and wherever situated, including all proceeds thereof (collectively the "**Property**"), to not exceed \$500,000 as security for the fees and disbursements of the Proposal Trustee, the Proposal Trustee's counsel, Bennett Jones LLP ("**Bennett Jones**"), and the Company's counsel, DLA Piper (Canada) LLP ("**DLA**") (the "**Administration Charge**").

1.2 Scope and Terms of Reference

1. In preparing this Report, the Proposal Trustee has relied upon the Company's unaudited financial information, books and records, information available in the public domain and discussions with the Company's management and legal counsel.
2. The Proposal Trustee has not audited or otherwise attempted to verify the accuracy or completeness of the financial information relied on to prepare this Report in a manner that complies with Canadian Auditing Standards ("**CAS**") pursuant to the Chartered Professional Accountants of Canada Handbook and, accordingly, the Proposal Trustee expresses no opinion or other form of assurance contemplated under the CAS in respect of such information. Any party wishing to place reliance on the financial information should perform its own due diligence.

3. An examination of the Cash Flow Statement as outlined in the Chartered Professional Accountants of Canada Handbook has not been performed. Future-oriented financial information relied upon in this Report is based upon the Company's assumptions regarding future events; actual results achieved may vary from this information, and these variations may be material. The Proposal Trustee does not express any opinion or other form of assurance on whether the Cash Flow Statement will be achieved.
4. This Report should be read in conjunction with the materials filed by the Company, including the First Chaudhary Affidavit. Capitalized terms not defined in this Report have the meanings ascribed to them in the First Chaudhary Affidavit.

1.3 Currency

1. Unless otherwise noted, all currency references in this Report are in Canadian dollars.

1.4 Court Materials

1. Court materials filed in these proceedings are made available by KSV on its case website at <https://www.ksvadvisory.com/experience/case/blue-sky-resources-ltd> (the "**Case Website**").

2.0 Background

1. Blue Sky, a corporation registered in accordance with the laws of Alberta, operates from its headquarters in Calgary, Alberta.
2. The Company holds licenses for 3,651 wells, 2,566 pipelines, and 748 facilities spread across Alberta, British Columbia and Saskatchewan (collectively referred to as the "**Licensed Assets**"). The Proposal Trustee understands that daily oil and gas production is approximately 2,850 boe.
3. As of October 4, 2025, the Company maintained a workforce of approximately 20 FTE employees, 7 office consultants and 44 contract field operations.

2.1 Secured Creditor and Other Regulatory Obligations

Credit Agreement

1. Aces Canada SPV III ULC, acting as agent for a group of lenders (the “**Secured Lenders**”), appears to be the principal secured creditor of Blue Sky, pursuant to a credit agreement dated July 24, 2024, which advanced a loan amount of USD \$16,250,000. The Credit Agreement is secured against a portion of the Blue Sky’s Licensed Assets located in Alberta. Counsel for the Proposal Trustee is preparing an opinion with respect to the validity and enforceability of the security held.
2. In accordance with the terms of the Credit Agreement, Blue Sky’s repayment obligations have been satisfied by providing the Secured Lenders with the monthly revenue generated from the sale of oil production, in kind, from secured Licensed Assets (the “**In Kind Debt Service**”). The In Kind Debt Service is reflected as an ongoing obligation in the Cash Flow Statement.
3. According to the First Chaudhary Affidavit, the aggregate repayment obligations under the Credit Agreement are approximately USD\$20 million, currently.

Other Amounts Owing

4. The Company owes significant amounts to other parties, including: (i) approximately \$9.3 million to the Alberta Energy Regulator (“**AER**”); (ii) approximately \$2.5 million in municipal tax arrears; (iii) approximately \$2.0 million to the BC Energy Regulator; and (iv) approximately \$1.8 million in unpaid gas royalties.
5. The Company also owes the Canada Revenue Agency certain amounts relating to unpaid source deductions, excise taxes, and corporate taxes.

2.2 Financial Difficulties

1. The Proposal Trustee understands the cause of the Company’s financial difficulties are due, in part, to the following:
 - a) the AECO price collapse in 2023 which negatively impacted the Company’s revenue from natural gas sales while operating and joint venture expenses remained the same;

- b) forest fires in northern Alberta which resulted in widespread damage to infrastructure that have required the Company to shut-in a significant amount of its production;
- c) a significant number of inactive wells requires the Company to perform approximately \$8 million in abandonment and reclamation work; and
- d) the issuance of certain orders by the AER including (the “**AER Orders**”):
 - i. a reasonable care and measures order issued on September 3, 2024 which was issued in response to concerns related to the integrity of certain of the Company’s pipelines; and
 - ii. a security order issued on July 31, 2025, pursuant to section 27 of the *Oil and Gas Conservation Act*, which required Blue Sky to post a security deposit in the amount of approximately \$10 million by January 31, 2026 (the “**Security Deposit**”).

The Proposal Trustee understands the Company has paid \$1.5 million towards satisfaction of the Security Deposit.

2.3 Transaction with Blue Sky Global Energy Corp.

1. In an effort to address its financial challenges, Blue Sky executed a letter of intent dated April 15, 2025, which documented the sale of Blue Sky’s 50% interest in its Licensed Assets located in British Columbia (the “**BC Assets**”) to Blue Sky Global Energy Corp. (“**BSG**”) (the “**BC Transaction**”). The BC Transaction was subsequently amended pursuant to amending agreements dated July 14, 2025 and October 7, 2025. BSG has since changed its name to Saba Energy Ltd. (“**Saba**”).
2. Ultimately, as stated in the First Chaudhary Affidavit, the purpose of BC Transaction was to reduce Blue Sky’s regulatory obligations associated with the Company’s Licensed Assets. The Proposal Trustee is aware that Saba is a related party of the Company, through common ownership.

3. Notwithstanding the BC Transaction, the Proposal Trustee understands Blue Sky will retain all production revenue from the BC Assets toward the satisfaction of the BC Transaction purchase price, allowing it to maintain its pre-filing cash flow through to the completion of these NOI Proceedings.
4. The Proposal Trustee is aware that certain payroll costs incurred by the Company before the Filing Date were for the benefit of Saba's operations. The Company continues to work on a mechanism for recovery of these costs. As of the date of this Report, the Proposal Trustee continues to review the BC Transaction and expects to have a further update in a subsequent report.

2.4 Assets

1. Based on the Company's most recent available financial statements, a summary of the Company's assets as at December 31, 2024 is provided below:

Description	Book Value (\$000s)
Property and Equipment	226,236
Due From Related Parties	51,591
Accounts Receivable	43,958
Investments in Equities	16,615
Prepaid Expenses, Deposits and Other Assets	4,743
Cash	1,998
Total	345,141

2.5 Liabilities

1. The Company's liabilities as of December 31, 2024 totaled approximately \$228 million, comprising of the following:

Description	Book Value (\$000s)
Provision for Decommissioning	149,625
Trade and Other Payables	50,003
Long Term Loan	22,352
Deferred Tax Liability	4,503
Derivative Financial Instruments	1,896
Other Liabilities	185
Total	228,564

2. Additional background information on the Company is included in the First Chaudhary Affidavit.

3.0 Activities of the Company and Proposal Trustee

3.1 Activities of the Proposal Trustee

1. Since its appointment, the Proposal Trustee has performed the following key activities:
 - a) assisting the Company with its communications to both internal and external stakeholders;
 - b) filing the necessary prescribed forms required pursuant to the BIA for the NOI;
 - c) issuing the required notice pursuant to section 50.4(6) of the BIA to all known creditors of the Company;
 - d) monitoring the affairs of the Company's business including reviewing financial information with management;
 - e) corresponding and holding numerous discussions with management and DLA with respect to general filing matters;

- f) corresponding and holding numerous discussions with various stakeholders, and/or respective legal counsel to stakeholders;
- g) meeting with the AER to discuss procedures and protocol during the NOI proceedings;
- h) responding to calls and emails from creditors, suppliers, landowners, and other stakeholders;
- i) maintaining the Case Website for these NOI Proceedings; and
- j) preparing this Report.

3.2 Activities of the Company

1. The Proposal Trustee has observed certain key activities of the Company since filing the NOI as follows:
 - a) taking steps to re-establish future operations (subject to the NOI proceedings and regulatory approval) including engaging with the Company's former contractors and suppliers;
 - b) communicating with various stakeholders and creditors regarding the NOI Proceedings, in consultation with the Proposal Trustee;
 - c) meeting with the AER to discuss procedures and protocol during the NOI proceedings;
 - d) negotiating with multiple parties to attempt to obtain interim financing;
 - e) with the assistance of the Proposal Trustee, responding to various questions by vendors;
 - f) corresponding with DLA and the Proposal Trustee;
 - g) taking steps to confirm adequate insurance coverage;
 - h) communicating on an ongoing basis with certain creditors and/or their advisors; and

- i) reporting to the Proposal Trustee on a weekly basis in respect of the Company's receipts and disbursements.

3.3 Notice Pursuant to Section 50.4(6)

1. In accordance with Section 50.4(6) of the BIA, the Proposal Trustee worked to issue notice of these proceedings to all known creditors within five business days of the Filing Date.
2. Immediately following the Filing Date, the Canadian Union of Postal Workers (“CUPW”) declared a no-notice strike, affecting millions of Canadians and businesses nation-wide. Due to the CUPW strike, the Proposal Trustee was not able to deliver notice of these proceedings by mail without incurring significant material costs to the estate. Furthermore, many of the Company's creditors had PO Box mailing addresses which can only receive mail distributed by Canada Post.
3. Accordingly, between the Filing Date and October 2, 2025, the Company and the Proposal Trustee worked to obtain as many stakeholder emails as possible to ensure notice of these proceedings was received by a majority of the Company's creditors. As a result, on October 2, 2025, notice of these NOI Proceedings were delivered to approximately 630 known creditors and stakeholders via email. This left approximately 455 known creditors and stakeholders who could only receive notice of these proceedings by hand delivery. Many of these creditors are landowners who may also have recourse to the Land and Property Rights Tribunal (“LPRT”) for unpaid surface leases and the Proposal Trustee has provided notice to the LPRT. Since October 2, 2025, the Company has worked diligently to either obtain additional email addresses for creditors or hand deliver notice of these proceedings to those remaining creditors, where possible. These efforts are expected to continue over the next several weeks. On October 10th, 2025, it was announced that the CUPW strike will move to rotating strikes starting October 11, 2025 and therefore the Proposal Trustee will send notices to any remaining creditors who have not received notices via Canada Post.
4. As of the date of this Report, approximately 60 additional parties have received notice of these NOI Proceedings.

4.0 Cash Flow Statement

1. Pursuant to subsection 50.4(2)(a) of the BIA, the Company prepared the Cash Flow Statement for the period ending December 28, 2025 (the “**Period**”). The Cash Flow Statement, together with Management’s Report on the Cash Flow Statement as required by subsection 50.4(2)(c) of the BIA, are collectively attached hereto as **Appendix “B”**.
2. The Cash Flow Statement was prepared by the Company with the assistance of the Proposal Trustee. The Company’s receipts during the Period are comprised largely of proceeds from the operation of the Company’s producing oil wells. Additionally, the Company is negotiating interim financing and the Cash Flow Statement includes interim financing receipts. Projected disbursements are primarily for funding the Company’s operations, payroll, insurance, contractor payments, utilities, rent, and other operating expenses and professional fees.
3. Based on the Proposal Trustee’s review of the Cash Flow Statement, there are no material assumptions that seem unreasonable. The Proposal Trustee’s Report on the Company’s Cash Flow Statement as required by subsection 50.4(2)(b) of the BIA is attached as **Appendix “C”**.

4.1 Performance Against the Cash Flow Statement

1. In accordance with section 50.4(7)(b)(ii) of the BIA, the Proposal Trustee has continued to review and evaluate the state of the Company’s business and financial affairs since the NOI Filing Date.
2. The Company has remained current in respect of its obligations that have arisen since the NOI Filing Date.

3. A review process was established with the Company to review weekly cash variances. A comparison of the Company's receipts and disbursements to the Cash Flow Statement for the period from the NOI Filing Date to October 5, 2025 (the "**Reporting Period**") is as follows:

Reporting Period (\$CAD)	Actual	Cash Flow Statement	Favourable / (Unfavourable) Variance
Opening Cash Balances	27,189	27,189	-
Receipts	2,033,488	2,021,848	11,640
Operating Disbursements	(106,154)	(266,623)	160,468
Other Disbursements	(345,190)	(326,933)	(18,257)
Net Cash Flow	1,582,144	1,428,292	153,851
Closing cash balance	1,609,333	1,455,482	

Proposed Proposal Trustee's Comments

4. For the Reporting Period, cash receipts and non-operating disbursements variances were favourable while operating disbursements variances were unfavourable due primarily to timing of utility and other vendor payments. Overall, the net cash flow over the Reporting period results in a favourable variance of approximately \$153,000.
5. The Proposal Trustee has reviewed the variances with the Company and concluded the variances are mainly attributable to timing differences.

4.2 Interim Financing

1. The Cash Flow Statement recognizes that interim financing will be required to advance the proposal proceedings. The Proposal Trustee understands the Company is exploring options at the date of this Report and is in the preliminary stage of acquiring interim financing. The Proposal Trustee anticipates a further update will be available in its next report.

5.0 Administration Charge

1. The Company is seeking an Administration Charge in an amount not to exceed \$500,000 to secure the professional fees and disbursements of the Proposal Trustee, Bennett Jones, and DLA, whether incurred before or after the Filing Date, in priority to all other charges and encumbrances. An Administration Charge is a standard feature of restructuring proceedings and the quantum requested is appropriate, in the Proposal Trustee's view, given its previous history and experience with restructurings of similar size and complexity.
2. All other registered secured creditors, as well as the Canada Revenue Agency, have been given notice of the application for the Administration Charge.
3. The Proposal Trustee supports the request for the Administration Charge, pursuant to section 64.2(1) of the BIA, on the basis that it provides payment certainty for the professionals involved and allows them to effectively participate in the NOI Proceedings.

6.0 Company's Request for a Stay Extension

1. Pursuant to section 50.4(9) of the BIA, the Company must file a proposal to its creditors within thirty days following the Filing Date, being October 24, 2025. Pursuant to section 50.4(9) of the BIA, the Company is requesting an extension of the Stay of Proceedings until November 9, 2025 to allow further time for the Company to obtain interim financing and to formulate its restructuring.
2. The Proposal Trustee supports the request for the extension of the Stay of Proceedings and believes that it is appropriate in the circumstances for the following reasons:
 - a) Since the NOI Filing Date, the Proposal Trustee has observed that the Company is acting, and continues to act, in good faith and with due diligence;
 - b) the Proposal Trustee does not believe that any creditor will be materially prejudiced by the requested extension of the Stay of Proceedings;
 - c) it will provide the Company with the additional time to explore options for interim financing;

- d) neither the Company nor the Proposal Trustee is aware of any party opposed to an extension of the Stay of Proceedings; and
- e) the Cash Flow Statement reflects that the Company is projected to have sufficient liquidity to fund their operations and the costs of these NOI Proceedings during the proposed extension of the Stay of Proceedings.

7.0 Conclusion and Recommendation

1. Based on the foregoing, the Proposal Trustee respectfully recommends that this Honourable Court grant the relief sought by the Company.

* * *

All of which is respectfully submitted,

KSV Restructuring Inc.

**KSV RESTRUCTURING INC.,
in its capacity as Proposal Trustee in the proposal of
Blue Sky Resources Ltd., and not in its personal capacity**

Appendix “A”



Industry Canada
Office of the Superintendent
of Bankruptcy Canada

Industrie Canada
Bureau du surintendant
des faillites Canada

District of: Alberta
Division No.: 02 - Calgary
Court No.: 25-3276975
Estate No.: 25-3276975

In the Matter of the Notice of Intention to make a proposal of:

Blue Sky Resources Ltd.

Insolvent Person

KSV RESTRUCTURING INC.

Licensed Insolvency Trustee

Date of the Notice of Intention:

September 24, 2025

CERTIFICATE OF FILING OF A NOTICE OF INTENTION TO MAKE A PROPOSAL
Subsection 50.4 (1)

I, the undersigned, Official Receiver in and for this bankruptcy district, do hereby certify that the aforementioned insolvent person filed a Notice of Intention to Make a Proposal under subsection 50.4 (1) of the Bankruptcy and Insolvency Act;

Pursuant to subsection 69. (1) of the Act, all proceedings against the aforementioned insolvent person are stayed as of the date of filing of the Notice of Intention.

Date: September 24, 2025, 17:18

E-File/Dépôt Electronique

Official Receiver

Harry Hays Building, 220 - 4th Ave SE, Suite 478, Calgary, Alberta, Canada, T2G4X3, (877)376-9902

Canada

Appendix “B”

Blue Sky Resources Ltd.
Cash Flow Forecast
September 24, 2025 to December 28, 2025

		Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	
For the week ending, in CAD	Notes	28-Sep-25	05-Oct-25	12-Oct-25	19-Oct-25	26-Oct-25	02-Nov-25	09-Nov-25	16-Nov-25	23-Nov-25	30-Nov-25	07-Dec-25	14-Dec-25	21-Dec-25	28-Dec-25	Total
Opening cash balance		27,189	1,770,738	1,455,482	479,835	414,835	1,091,244	667,171	2,869,025	1,799,025	1,495,879	2,471,446	1,068,685	883,685	373,538	27,189
Cash Receipts																
Revenue from Operations		2,712,921	-	-	-	2,300,190	-	-	-	-	2,513,961	-	-	-	2,602,913	10,129,984
Less TIK obligations		(691,073)	-	-	-	(655,844)	-	-	-	-	(631,707)	-	-	-	(649,898)	(2,628,522)
	Note 1	2,021,848	-	-	-	1,644,346	-	-	-	-	1,882,254	-	-	-	1,953,015	7,501,463
Cash Disbursements																
Operating Expenses																
Payroll - Operators	Note 2	-	-	(500,000)	-	-	-	-	(500,000)	-	-	(500,000)	-	-	-	(1,500,000)
Operating Expenses - Power & Utilities	Note 3	-	(111,400)	(173,146)	-	(316,292)	-	(173,146)	(40,000)	(173,146)	(346,292)	(509,438)	-	(173,146)	(346,292)	(2,362,300)
Operating Expenses - Fuel & Chemical	Note 3	-	-	-	-	(115,000)	-	(95,000)	-	-	-	(40,000)	(40,000)	(40,000)	(40,000)	(330,000)
Operating Expenses - Sales Oil Hauling & Processing	Note 3	-	(75,000)	(35,000)	(65,000)	(187,500)	-	-	(187,500)	-	(93,750)	(93,750)	(187,000)	(187,000)	(281,250)	(1,205,750)
Operating Expenses - Repairs and maintenance	Note 3	(33,578)	-	-	-	(25,000)	-	(25,000)	(25,000)	-	(25,000)	(25,000)	-	-	(25,000)	(183,578)
Operating Expenses - Surface & mineral leases	Note 3	-	-	-	-	(125,000)	(125,000)	-	(125,000)	(125,000)	(250,000)	-	-	(105,000)	(250,000)	(1,105,000)
Rent	Note 4	-	(46,645)	-	-	(46,645)	-	-	-	-	(46,645)	-	-	-	(46,645)	(186,580)
Operating Contingency		-	-	-	-	(45,000)	(24,500)	-	(50,000)	-	(40,000)	-	(40,000)	-	(50,000)	(249,500)
		(33,578)	(233,045)	(708,146)	(65,000)	(860,437)	(149,500)	(293,146)	(927,500)	(298,146)	(801,687)	(1,128,188)	(80,000)	(505,146)	(1,039,187)	(7,122,707)
Other Disbursements																
General and administrative expense - Payroll Employees/Office Consultants	Note 5	(214,119)	(29,139)	(102,500)	-	(102,500)	(56,500)	-	(137,500)	-	(100,000)	(56,500)	(100,000)	-	(33,500)	(932,257)
General and administrative expense - Other	Note 6	(5,602)	(53,073)	-	-	(5,000)	(53,073)	(5,000)	(5,000)	(5,000)	(5,000)	(53,073)	(5,000)	(5,000)	(5,000)	(204,821)
		(219,721)	(82,212)	(102,500)	-	(107,500)	(109,573)	(5,000)	(142,500)	(5,000)	(105,000)	(109,573)	(105,000)	(5,000)	(38,500)	(1,137,079)
Total disbursements before professional fees		(253,299)	(315,257)	(810,646)	(65,000)	(967,937)	(259,073)	(298,146)	(1,070,000)	(303,146)	(906,687)	(1,237,761)	(185,000)	(510,146)	(1,077,687)	(8,259,786)
Professional Fees																
Company counsel legal fees		(25,000)	-	(75,000)	-	-	(75,000)	-	-	-	-	(75,000)	-	-	-	(250,000)
Trustee fees		-	-	(50,000)	-	-	(50,000)	-	-	-	-	(50,000)	-	-	-	(150,000)
Trustee's counsel fees		-	-	(40,000)	-	-	(40,000)	-	-	-	-	(40,000)	-	-	-	(120,000)
Total Professional Fees		(25,000)	-	(165,000)	-	-	(165,000)	-	-	-	-	(165,000)	-	-	-	(520,000)
Net cash flow		1,743,549	(315,257)	(975,646)	(65,000)	676,409	(424,073)	(298,146)	(1,070,000)	(303,146)	975,567	(1,402,761)	(185,000)	(510,146)	875,327	(1,278,323)
Interim financing																
Interim financing advances / (repayments)	Note 7	-	-	-	-	-	-	2,500,000	-	-	-	-	-	-	-	2,500,000
Closing cash balance		1,770,738	1,455,482	479,835	414,835	1,091,244	667,171	2,869,025	1,799,025	1,495,879	2,471,446	1,068,685	883,685	373,538	1,248,866	1,248,866

Management of Blue Sky Resources Ltd. ("Blue Sky" or the "Company") has prepared this forecasted cash-flow statement (the "Cash Flow Forecast") based on probable and hypothetical assumptions detailed in Notes 1 to 7. The Cash Flow Forecast has been prepared solely for the purpose of supporting the Notice of Intention to Make a Proposal ("NOI") filed by the Company on September 24. As such, readers are cautioned that it may not be appropriate for their purposes. The Cash Flow Forecast of the Company is prepared in accordance with the provisions of the *Bankruptcy and Insolvency Act* and should be read in conjunction with the Trustee's Report on the Cash-flow Statement.

Dated at the City of Calgary in the Province of Alberta, this 3rd day of October 2025.

Blue Sky Resources Ltd.

Per:



Ilyas Chaudhary
President

KSV Restructuring Inc.

Per:



Andrew Basil, CPA, CA, CIRP, LIT
Managing Director

Blue Sky Resources Ltd.
Notes to the Cash Flow Forecast
September 24, 2025 to December 28, 2025

Note 1: Reflects the Company's cash receipts, net of a take-in-kind credit agreement with the Company's secured lender.

Note 2: Reflects payroll costs for the Company's operating employees.

Note 3: Reflects production and operating expenses including trucking, utilities, mineral and surface leases, repair and maintenance.

Note 4: Represents occupancy costs for the Company's head office and camp locations.

Note 5: Reflects payroll costs for the Company's head office employees and contractors.

Note 6: Reflects the Company's miscellaneous admin costs including insurance.

Note 7: The Cash Flows Forecast reflects the Company obtaining interim financing and will draw on the balance available to fund operations and the restructuring process (as necessary).

**Report on Cash Flow Statement by the Person Making the Proposal
(Paragraphs 50(6)(c) and 50.4(2)(c) of the BIA)**

The management of Blue Sky Resources Ltd. (the “Company”) has developed the assumptions and prepared the attached statement of projected cash flow of the Company for the period ending December 28, 2025.

The hypothetical and probable assumptions are suitably supported and consistent with the purpose of the projection and the plans of the Company and provide a reasonable basis for the projection. All such assumptions are disclosed in Notes 1 to 7.

Since the projection is based on assumptions regarding future events, actual results will vary from the information presented, and the variations may be material.

The projection has been prepared solely for the purpose of supporting the Company’s Notice of Intention to Make a Proposal filed on September 24, using a set of hypothetical and probable assumptions set out in Notes 1 to 7. Consequently, readers are cautioned that it may not be appropriate for other purposes.

Dated at Calgary, this 3rd day of October, 2025.

Blue Sky Resources Ltd.



Per: Ilyas Chaudhary

Appendix “C”

District of: Alberta
Division No. 02 - Calgary
Court No. 25-3276975
Estate No. 25-3276975

_ FORM 29 _
Trustee's Report on Cash-Flow Statement
(Paragraphs 50(6)(b) and 50.4(2)(b) of the Act)

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

The attached statement of projected cash flow of Blue Sky Resources Ltd., as of the 3rd day of October 2025, consisting of Refer to signed pdf copy of a weekly cash flow statement for the period ending December 28, 2025., has been prepared by the management of the insolvent person (or the insolvent debtor) for the purpose described in the notes attached, using the probable and hypothetical assumptions set out in the notes attached.

Our review consisted of inquiries, analytical procedures and discussion related to information supplied to us by: ☒ the management and employees of the insolvent person or ☐ the insolvent person. Since hypothetical assumptions need not be supported, our procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the projection. We have also reviewed the support provided by: ☒ management or ☐ the insolvent person for the probable assumptions and preparation and presentation of the projection.

Based on our review, nothing has come to our attention that causes us to believe that, in all material respects,

(a) the hypothetical assumptions are not consistent with the purpose of the projection;

(b) as at the date of this report, the probable assumptions developed are not suitably supported and consistent with the plans of the insolvent person or do not provide a reasonable basis for the projection, given the hypothetical assumptions; or

(c) the projection does not reflect the probable and hypothetical assumptions.

Since the projection is based on assumptions regarding future events, actual results will vary from the information presented even if the hypothetical assumptions occur, and the variations may be material. Accordingly, we express no assurance as to whether the projection will be achieved.

The projection has been prepared solely for the purpose described in the notes attached, and readers are cautioned that it may not be appropriate for other purposes.

Dated at the City of Calgary in the Province of Alberta, this 3rd day of October 2025.

KSV Restructuring Inc. - Licensed Insolvency Trustee

Per:



Andrew Basi - Licensed Insolvency Trustee
1165, 324-8th Avenue S.W.
Calgary AB T2P 2Z2
Phone: (416) 932-6262 Fax: (416) 932-6266

District of: Alberta
Division No. 02 - Calgary
Court No. 25-3276975
Estate No. 25-3276975

FORM 29 - Attachment
Trustee's Report on Cash-flow Statement
(Paragraphs 50(6)(b) and 50.4(2)(b) of the Act)

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

Purpose:

Refer to signed pdf copy of a weekly cash flow statement for the period ending December 28, 2025.

Projection Notes:

Refer to signed pdf copy of a weekly cash flow statement for the period ending December 28, 2025.

Assumptions:

Refer to signed pdf copy of a weekly cash flow statement for the period ending December 28, 2025.

Dated at the City of Calgary in the Province of Alberta, this 3rd day of October 2025.

KSV Restructuring Inc. - Licensed Insolvency Trustee

Per:



Andrew Basi - Licensed Insolvency Trustee
1165, 324-8th Avenue S.W.
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