



COM-Dec 17, 2025



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JUDICIAL CENTRE **COURT OF KING'S BENCH OF ALBERTA**
PROCEEDING **CALGARY**
**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE
A PROPOSAL OF BLUE SKY RESOURCES LTD.**

DOCUMENT **THIRD REPORT OF THE PROPOSAL TRUSTEE**
DECEMBER 16, 2025

ADDRESS FOR
SERVICE AND
CONTACT
INFORMATION OF
PARTY FILING THIS
DOCUMENT **PROPOSAL TRUSTEE**
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PROPOSAL TRUSTEE'S COUNSEL
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1.0 Introduction

1. This report (this “**Third 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 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 (“**SISP**”) to maximize the value of the Company’s assets for the benefit of its stakeholders; and (ii) provide a formal process for Blue Sky’s creditors and stakeholders to obtain information about the Company.
3. On October 15, 2025, the Court granted, among other things, the following relief:
 - a) Blue Sky’s application for an Order which, among other matters, extended 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
 - b) Blue Sky’s application for an Order which, among other matters, granted 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**”).
4. Between November 7 and November 20, 2025 the Court granted, among other things, the following relief:
 - a) approval of the SISP;

- b) authorizing the Company to borrow from ACES Canada SPV III ULC (the “**Interim Lender**”) pursuant to an interim facility term sheet and granting the interim lender’s charge (the “**Interim Lender’s Charge**”), ranking only subordinate to the Administration Charge;
- c) extending the Stay of Proceedings up to and including December 24, 2025;
- d) authorizing the Proposal Trustee and Sayer Energy Advisors (“**Sayer**” or the “**Sales Agent**”) to conduct the SISP;
- e) Blue Sky’s application for a sale approval and vesting order (the “**Tamarack SAVO**”) approving the sale transaction pursuant to the purchase and sale agreement dated November 4, 2025 (the “**Tamarack Transaction**”), between the Company and Tamarack Valley Energy; and
- f) Blue Sky’s application for a sale approval and vesting order (the “**Spur SAVO**”) approving the sale transaction pursuant to the purchase and sale agreement dated November 4, 2025 (the “**Spur Transaction**”, and together with the Tamarack Transaction, the “**Transactions**”), between the Company and Spur Petroleum Ltd.

1.1 Purposes of this Third Report

1. This Third Report is intended to provide the Court of King’s Bench of Alberta (the “**Court**”) with an update on activities and further information related to the relief sought by the Company on its application scheduled for December 17, 2025. This Third Report specifically provides information regarding:
 - a) the Proposal Trustee’s activities since the second report of the Proposal Trustee, dated November 4, 2025 (the “**Second Report**”);
 - b) the Company’s activities since the Second Report;
 - c) the Company’s actual performance versus the Company’s cash flow statement for the period commencing on October 27, 2025 and ending January 25, 2026 (the “**Second Cash Flow Statement**”);

- d) the Proposal Trustee's comments and report on the Company's cash flow statement for the period commencing December 15, 2025 and ending February 8, 2026 (the "**Third Cash Flow Statement**");
- e) an update on the status of the SISP;
- f) an update on the Alberta Energy Regulator (the "**AER**") matters;
- g) an update on the Company's sale of BC Assets to Blue Sky Global Energy Corp.; and
- h) Blue Sky's application for an Order (the "**Approval Order**") which includes, among other matters, the following relief:
 - i. a charge in favour of the Key Employee Retention Plan (the "**KERP**") for amounts payable to certain key personnel up to a maximum of \$75,000 (the "**KERP Charge**");
 - ii. extending the Stay of Proceedings up to and including February 7, 2025; and
 - iii. sealing of the KERP.

1.2 Scope and Terms of Reference

1. In preparing this Third 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 Third 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 Third 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 Third 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. Accordingly, the Proposal Trustee does not express any opinion or other form of assurance on whether the Third Cash Flow Statement will be achieved.
4. This Third Report should be read in conjunction with the materials filed by the Company, including the First Affidavit of Ilyas Chaudhary, sworn October 8, 2025, the First Affidavit of Mike Bouvier, sworn October 30, 2025, the Second Affidavit of Mike Bouvier sworn November 4, 2025, the Third Affidavit of Mike Bouvier sworn December 10, 2025 and any supplemental affidavit filed by the Company in advance of the December 17, 2025 hearing (collectively, the "**Blue Sky Affidavits**"). Capitalized terms not defined in this Third Report have the meanings ascribed to them in the Blue Sky Affidavits.

1.3 Currency

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

1.4 Court Materials

1. Court materials filed in these NOI 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 as an oil and gas producer from its headquarters in Calgary, Alberta. The Company operates its licensed assets throughout Alberta, British Columbia and Saskatchewan.

2. A detailed background on the Company, the Company's liquidity position, and the reasons for the NOI Proceeding have been included in the first report of the Proposal Trustee dated October 10, 2025 (the "**First Report**") and the Blue Sky Affidavits.

3.0 Sale and Investment Solicitation Process (SISP) ¹

1. The Company's SISP is discussed in greater detail in the Second Report. The SISP contains the following milestones:

Milestone	Deadline
Commencement Date	On or before December 5, 2025
Bid Deadline for non-Binding Letters of Intent	January 29, 2026 ²
Definitive Agreement Deadline	February 20, 2026
Outside Closing Date for Definitive Agreements	March 20, 2026

2. The SISP was launched on December 5, 2025. By December 8, 2025 approximately 2,650 interested parties had received a digital or hard copy notice of the SISP and a copy of the teaser. Advertisements marketing the opportunity have also been posted in various industry newsletters including the BOE Report and the Daily Oil Bulletin. A copy of the teaser distributed by the Sales Advisor is attached hereto as **Appendix "A"**.
3. Accordingly, at the time of this Third Report, the SISP was underway and being conducted to solicit offers or investments for the Company's assets. The Proposal Trustee anticipates providing a further update on the status of the SISP following the Bid Deadline for Non-Binding Letters of Intent.
4. The Proposal Trustee is receiving weekly updates from the Sales Agent on the number of confidentiality agreements signed and based on this, the asset offering is showing strong interest from prospective purchasers.

¹ Capitalized terms in this section have the meaning provided to them in the SISP, unless otherwise defined herein.

² A Qualified Bid must be submitted no later than 12:00 PM Calgary time on the Bid Deadline.

4.0 Transactions

1. Pursuant to the Tamarack SAVO, the Company closed the Tamarack Transaction on November 12, 2025 and the Proposal Trustee issued the Closing Certificate effective November 12, 2025.
2. Pursuant to the Spur SAVO, the Company close the Spur Transaction on November 7, 2025 and the Proposal Trustee issued the Closing Certificate effective November 12, 2025.

5.0 KERP

1. Since the NOI Filing Date, there have been several changes to the Company's employees including the resignation of the former president of the Company and the appointment of Mr. Mike Bouvier as acting interim president. The Company's view is that the retention of a small number of key employees is essential to continue to advance the restructuring proceedings of the Company. The Company has developed the KERP in order to retain the remaining key personnel during these NOI Proceedings to assist in a successful restructuring and/or divestiture of all or substantially all of the Company's assets and operations. Copies of the redacted and unredacted KERP are attached to the Third Affidavit of Mike Bouvier as Exhibit "A" and Confidential Exhibit "A", respectively.
2. Subject to Court approval, the payments under the KERP will be made upon the sale of all of the Company's assets or the termination of the SISP, whichever occurs earlier. The Company is seeking an order granting the KERP Charge which will secure the obligations owing under the KERP. The KERP Charge will rank third after the Administration Charge and the Interim Lender's Charge.
3. The Proposal Trustee has reviewed the KERP and views the amounts payable as reasonable in the circumstances and in accordance with amounts typically paid with respect to a KERP in insolvency proceedings. Further, the Proposal Trustee views the KERP as critical to allowing for stability and retention of the few remaining key personnel at the Company.

6.0 Sealing Order

1. The Company is requesting a sealing Order in respect of the unredacted KERP (the “**Confidential Exhibit**”). The Proposal Trustee believes it is appropriate to seal the Confidential Exhibit until further order of the Court, as it contains confidential information related to the wages and personal information of certain of the Company’s personnel.
2. Based on the foregoing, the Proposal Trustee does not believe that any stakeholder will be prejudiced if the information in the Confidential Exhibit is sealed. Further, sealing this type of information is consistent with the approach taken in other proceedings for sensitive information of this nature, protects the privacy of the Company’s personnel involved in the KERP, and will help to avoid any unnecessary disruption or distraction to the Company’s ongoing operations and SISP.
3. The salutary effects of sealing the Confidential Exhibit from the public record greatly outweigh the deleterious effects of doing so under the circumstances. The Proposal Trustee is of the view that sealing the Confidential Exhibit is consistent with the decision in *Sherman Estate v. Donovan*, 2021 SCC 25 and such relief has been granted in other proceedings. Accordingly, the Proposal Trustee believes the proposed sealing order is appropriate in the circumstances.

7.0 Cash Flow Statement

1. Pursuant to subsection 50.4(2)(a) of the BIA, the Company prepared the Second Cash Flow Statement for the period ending January 25, 2026 (the “**Period**”). The Second Cash Flow Statement, together with Management’s Report on the Second Cash Flow Statement as required by subsection 50.4(2)(c) of the BIA, are collectively attached hereto as **Appendix “B”**.
2. The Second 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 licensed assets. Projected disbursements are primarily for funding the Company’s operations, payroll, insurance, contractor payments, utilities, rent, and other operating expenses and professional fees.

7.1 Performance Against the Second 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. Notwithstanding the Company's personnel constraints, the Company has continued to work with its vendors to remain current in respect of its obligations except for certain amounts owed for utilities owing to Direct Energy Business ("**Direct Energy**"), certain disputed hauling and processing costs, and certain accruing professional fees. The Company has accounted for catching up on these post-filing obligations in the Third Cash Flow Statement.
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 Second Cash Flow Statement for the period from October 27, 2025 to December 14, 2025 (the "**Reporting Period**") is as follows:

Reporting Period (\$CAD)	Actual	Second Cash Flow Statement	Favourable / (Unfavourable) Variance
Opening Cash Balances	1,477,471	1,477,471	-
Operating Receipts	1,297,768	1,075,502	222,266
Sale Proceeds	700,000	-	700,000
Interim Financing	967,000	1,803,157	(836,157)
Total Receipts	2,964,768	2,878,659	86,109
Operating Disbursements	(2,813,390)	(2,832,746)	19,356
Other Disbursements	(866,820)	(929,148)	62,328
Net Cash Flow	(715,442)	(883,236)	167,794
Closing cash balance	762,030	594,236	

Proposal Trustee's Comments

4. For the Reporting Period, cash receipts were higher than forecast due to favourable commodity pricing, collection of certain outstanding accounts receivable and the receipt of funds from closing the Transactions. These higher receipts resulted in a delayed need for funds made available by the Interim Lender. Operating and non-operating disbursements were lower due primarily to timing of certain payments. Overall, the net cash flow over the Reporting Period results in a favourable variance of approximately \$168,000.
5. The Proposal Trustee has reviewed the variances with the Company and concluded the variances are mainly attributable to closing the Transactions and timing differences.

7.2 The Third Cash Flow Statement

1. The Company has prepared a Third Cash Flow Statement which provides updates to the reporting period and adjustments to the timing of the post-filing obligations discussed above. The Third Cash Flow Statement is also prepared on the basis that the Stay Request (as later defined in this Report) is granted and certain operations of the Company are suspended in accordance with the Operating Plan (as defined in this Report). The Third Cash Flow Statement also assumes the take-in-kind obligations which have continued to be paid to the Company's secured lender during these NOI Proceedings no longer occurs for the remainder of these proceedings. Finally, the Third Cash Flow Statement includes a significant increase in power and utility costs as a result of a negotiated monthly pre-payment agreement with Direct Energy and amounts to catch up on outstanding post-filing arrears.
2. The Third Cash Flow Statement and the Company's statutory report on the cash flow pursuant to subsection 50.4(2)(b) of the BIA is attached as **Appendix "C"**.
3. The Third Cash Flow Statement reflects that the Company will have sufficient liquidity for the duration of the Stay of Proceedings if provided access to the funds used to satisfy the take-in-kind agreement with the Company's secured lender and the remaining funds made available by the Interim Lender. It is important to note that while the Third Cash Flow Statement contemplates sufficient liquidity through the extended Stay of Proceedings, the Company will likely need access to additional funding in future periods to complete these NOI Proceedings.

4. Based on the Proposal Trustee's review of the Third Cash Flow Statement, the assumptions contained therein appear reasonable. The Proposal Trustee's statutory report on the Third Cash Flow Statement is attached as **Appendix "D"**.

8.0 AER Matters

1. On November 10, 2025, the AER issued a suspension order (the "**Suspension Order**") requiring Blue Sky to suspend all of its sites by December 10th, 2025, unless specific sites are approved for continued operation by the AER manager under clauses 7-9 of the Suspension Order. A copy of the Suspension Order is attached as **Appendix "E"**.
2. In response, on November 24, 2025, Blue Sky submitted to the AER an operating plan (the "**Operating Plan**") that outlines how Blue Sky intends to operate and respond to the issues raised by the AER in the Suspension Order. We also understand the Company met with the AER to discuss the specifics of the Operating Plan and remained optimistic that the Operating Plan would be accepted by the AER especially considering the Company's cash flows provided for specific disbursements towards regulatory compliance activities.
3. On December 8, 2025, the AER issued the letter titled "AER response to the Blue Sky's proposed Operating Plan under November 10, 2025, Suspension Order" (the "**AER Response Letter**"). The AER Response Letter is attached as **Appendix "F"**. The AER Response Letter denied Blue Sky's request to continue operating sites with rationale that included:
 - a) Outstanding noncompliances;
 - b) Magnitude of high risk noncompliances; and
 - c) Lack of progress on the Environmental Protection Order that was issued on July 18, 2024.
4. The Proposal Trustee understands that the Company intends to seek a regulatory appeal of the Suspension Order and will be requesting a stay of the Suspension Order until a decision with respect to the regulatory appeal is made (the "**Stay Request**").

5. The Proposal Trustee will continue to monitor whether the Stay Request is granted by the AER. As noted in the Third Cash Flow Statement, the Company's Third Cash Flow Statement has been prepared on assumption that the Company is able to continue its production of certain sites licensed by the AER in accordance with its Operating Plan. If the Stay Request is denied, the Proposal Trustee anticipates that a Material Adverse Change Report will be issued by the Proposal Trustee pursuant to Section 50(10) of the BIA to the Court, the official receiver and to the Company's creditors.

9.0 BC Assets

1. As discussed in the First Report and discussed in the Affidavit of Ilyas Chaudhary sworn on October 8, 2025 (the "**Chaudhary Affidavit**"), in an effort to address its financial challenges prior to the NOI Proceeding, Blue Sky entered into various transactions for the sale of Blue Sky's interest in its Licensed Assets located in British Columbia (the "**BC Assets**") to Blue Sky Global Energy Corp. ("**BSG**") (the "**BC Transactions**") which subsequently changed its name to Saba Energy Ltd. ("**Saba**"). Saba is a publicly traded company listed on the TSX-V and as disclosed in the Chaudhary Affidavit, the Chaudhary Family Trust is a shareholder of Saba. The Proposal Trustee is aware that Saba is not arm's length to the Company, as Ilyas Chaudhary is both a material shareholder (either directly and/or indirectly) of both Saba and Blue Sky.
2. As discussed in the Chaudhary Affidavit, an amending agreement was entered into on October 7, 2025 for the purposes of altering Saba's payment obligations for the Purchase Price, which allowed Blue Sky to continue to retain all production revenue from the BC Assets as consideration to be applied to the purchase price until licenses for the BC Assets are transferred from Blue Sky to Saba. Once the licenses are transferred, a new formula will be adopted to pay production revenue to Blue Sky as consideration for the purchase price. The full amount of production revenues from the BC Assets continue to be reflected as receipts in the Third Cash Flow Statement.
3. The Proposal Trustee understands from discussions with the Company, license transfers have not been initiated for the BC Assets as Saba has only recently applied for a BC license holder code from the BC Energy Regulator, as this is a requirement before licenses can be transferred.

4. On December 11, 2025, the Proposal Trustee was copied on a letter received from the Interim Lender's counsel which stated that the Interim Lender was aware of the BC Transactions and was of the position that the BC Transactions constituted reviewable transactions under the BIA (the "**BC Transactions Letter**"). The letter further stated that the Interim Lender was prepared to bring an application before the Court to unwind the BC Transactions. A copy of the BC Transactions Letter is attached hereto as **Appendix "G"**.
5. The Proposal Trustee understands that since the receipt of the Interim Lender's letter, the Company's legal counsel and the Interim Lender's legal counsel have had discussions with respect to the BC Assets and the BC Transactions and these discussions remain ongoing.
6. The Proposal Trustee will continue to provide updates on the status of the BC Assets and if an application is brought before the Courts on whether the BC Transactions constitute reviewable transactions, the Proposal Trustee will provide its views on the application.
7. Currently, the BC Assets are excluded from the SISP and are not being marketed by the Sales Agent.

10.0 Activities of the Company and Proposal Trustee

10.1 Activities of the Proposal Trustee

1. Since the Second Report, the Proposal Trustee has performed the following key activities:
 - a) assisting the Company with its communications to both internal and external stakeholders;
 - b) assisting the Company in preparing the KERP;
 - c) reviewing various correspondence from AER and the Company's working interest partners with respect to the payment of royalty arrears;
 - d) monitoring the affairs of the Company's business including reviewing financial information with management;

- e) corresponding with parties involved in pre-filing purchase agreements regarding outstanding license transfers;
- f) corresponding and holding numerous discussions with management, Bennett Jones and DLA with respect to general filing matters;
- g) corresponding and holding numerous discussions with various stakeholders, and/or respective legal counsel to stakeholders;
- h) assisting the sales agent in launching the SISP;
- i) corresponding with the Interim Lender, its counsel and its financial advisor;
- j) responding to calls and emails from creditors, suppliers, landowners, and other stakeholders;
- k) assisting the Company in preparing the Third Cash Flow Statement;
- l) maintaining the Case Website for these NOI Proceedings; and
- m) preparing this Third Report.

10.2 Activities of the Company

1. The Proposal Trustee has observed certain key activities of the Company since the Second Report as follows:
 - a) communicating with various stakeholders and creditors regarding the NOI Proceedings, in consultation with the Proposal Trustee;
 - b) attending a meeting at the request of the AER and responding to information requests;
 - c) with assistance from DLA, reviewing various correspondence received from the AER;
 - d) closing the Spur Transaction and Tamarack Transaction;
 - e) preparing the KERP;
 - f) corresponding with the Interim Lender and its financial advisor;

- g) assisting the Sales Agent in launching the SISP;
- h) with the assistance of the Proposal Trustee, responding to various questions by vendors;
- i) corresponding extensively with DLA and the Proposal Trustee;
- j) communicating on an ongoing basis with certain creditors and/or their advisors; and
- k) reporting to the Proposal Trustee on a weekly basis in respect of the Company's receipts and disbursements.

10.3 Security Opinion

1. On December 9, 2025, Bennett Jones delivered an initial opinion on the security held by the Secured Lenders (as defined in the First Report), subject to the customary qualifications (the "**Security Opinion**"). The Security Opinion noted various document discrepancies and the Proposal Trustee has since informed DLA and notified counsel for the Secured Lenders of the discrepancies in an effort to resolve the document discrepancies.

11.0 Company's Request for a Stay Extension

1. Pursuant to section 50.4(9) of the BIA, the Company is requesting an extension of the Stay of Proceedings until February 7, 2025 to allow further time for the Company to advance the SISP.
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 Second Report, 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) the extension of the Stay of Proceedings will provide the Company with the time needed to further advance the SISP;

- d) neither the Company nor the Proposal Trustee are aware of any party opposed to an extension of the Stay of Proceedings; and
- e) the Third 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.

12.0 Other Matters

1. The Proposal Trustee reported in its Second Report that CNRL, one of the working interest partners of Blue Sky, scheduled an application to determine the validity of a Royalty Default letter sent by Alberta Energy and Minerals which seeks to pursue co-lessees for crown mineral lease arrears under leases held jointly with Blue Sky. The application has been rescheduled for January 14, 2026.

13.0 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.,
in its capacity as Proposal Trustee in the proposal of
Blue Sky Resources Ltd., and not in its personal capacity

Appendix “A”

Sale and Investment Solicitation Process: Various Areas, Alberta, Saskatchewan 2,800 boe/d (8.8 MMcf/d, 1,332 bbl/d)



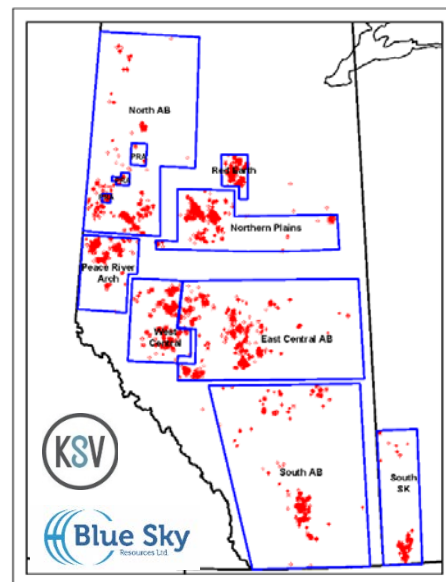
On September 24, 2025, **Blue Sky Resources Ltd.** ("Blue Sky" or the "Company") filed a Notice of Intention to Make a Proposal pursuant to the *Bankruptcy and Insolvency Act, RSC 1985, c. B-3*, (the "NOI Proceedings"). **KSV Restructuring Inc.** ("KSV") was appointed the proposal trustee (the "Proposal Trustee") in the NOI Proceedings. On November 20, 2025, the Court of King's Bench of Alberta granted an order to conduct a Sales and Investment Solicitation Process (the "SISP"). The Company has engaged **Sayer Energy Advisors** as sales agent to assist it with the SISP.

The SISP is intended to solicit offers for the business and the property of the Company, in whole or in part, or investments related thereto, subject to Court approval. The SISP is intended to find the highest and/or best offer for a restructuring and/or refinancing of the Company, a sale of the Company's property on a going concern or piecemeal basis, or a combination thereof, or other similar transaction. A copy of the SISP is found on our website at www.sayeradvisors.com.

Blue Sky's assets consist of both operated and non-operated interests located throughout Alberta and Saskatchewan (the "Properties").

For this offering, the Properties are separated into the following geographical packages: *East Central AB, North AB, Northern Plains AB, Peace River Arch AB, Red Earth AB, South AB, West Central AB and South SK*.

Average production net to Blue Sky from the Properties for the first eight months of 2025 was approximately 2,800 boe/d consisting of 8.8 MMcf/d of natural gas and 1,332 barrels of oil and natural gas liquids per day.



PROCESS & TIMELINE

Sayer Energy Advisors is accepting offers, as outlined in the SISP, until **12:00 pm on Thursday, January 29, 2026**.

Timeline		
December 5, 2025		Preliminary Information Distributed
Week of December 8, 2025		Data Room Opens
January 29, 2026	12:00 noon	Non-Binding LOI Deadline
February 20, 2026	12:00 noon	Binding Bid Deadline
March 1, 2026		Effective Date
March 2026		Closing Date

Sayer Energy Advisors does not typically conduct a "second-round" bidding process; the intention is to attempt to conclude transaction(s) with the party(ies) submitting the most acceptable proposal(s) at the conclusion of the process, subject to the terms outlined in the SISP.

**Sayer Energy Advisors is accepting offers, as outlined in the SISP,
until noon on Thursday, January 29, 2026.**

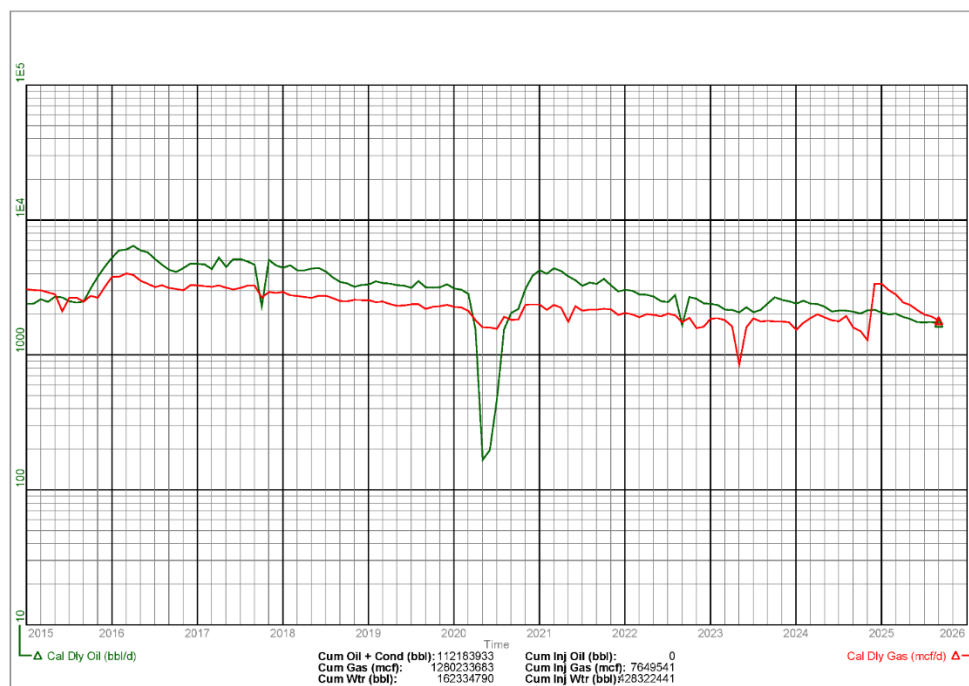




Production Overview

Average production net to Blue Sky from the Properties for the first eight months of 2025 was approximately 2,800 boe/d consisting of 8.8 MMcf/d of natural gas and 1,332 barrels of oil and natural gas liquids per day.

Gross Production Group Plot of Blue Sky's Wells



Reserves Overview

Sproule ERCE ("Sproule") prepared an independent reserves evaluation of the Properties as part of the Company's year-end reporting (the "Sproule Report"). The Sproule Report is effective December 31, 2024, using an average of *GLJ Ltd.*, *McDaniel & Associates Consultants Ltd.* and *Sproule's* December 31, 2024 forecast pricing.

Sproule estimated that as at December 31, 2024 the Properties contained remaining proved plus probable reserves of 14.0 million barrels of oil and natural gas liquids and 66.9 Bcf of natural gas (25.2 million boe), with an estimated net present value of approximately \$298.7 million using forecast pricing at a 10% discount.

Sproule ERCE as at December 31, 2024

COMPANY GROSS RESERVES

PV BEFORE TAX

	Oil	Natural Gas	Ngl	Total	5%	10%	15%
	Mbbl	MMcf	Mbbl	MBOE		(000s)	
Proved Developed Producing	3,539	21,769	683	7,851	\$145,121	\$119,399	\$101,711
Proved Non-Producing/Undeveloped	4,667	7,011	277	6,113	\$145,243	\$102,697	\$76,808
Total Proved	8,207	28,780	960	13,963	\$290,364	\$222,096	\$178,519
Probable	3,739	38,128	1,104	11,198	\$133,781	\$76,614	\$47,408
Total Proved Plus Probable	11,946	66,908	2,064	25,161	\$424,145	\$298,710	\$225,927

The reserve estimates and forecasts of production and revenues for the Company's properties were prepared within the context of the Company's year-end evaluation, which was an evaluation of all of the Company's properties in aggregate. Extraction and use of any individual property evaluation outside of this context may not be appropriate without supplementary due diligence. Values in the "Total" row may not correspond to the total of the values presented due to rounding.





Liability Assessment

Alberta

As of November 28, 2025, the Alberta properties had a deemed liability value of \$230.7 million.

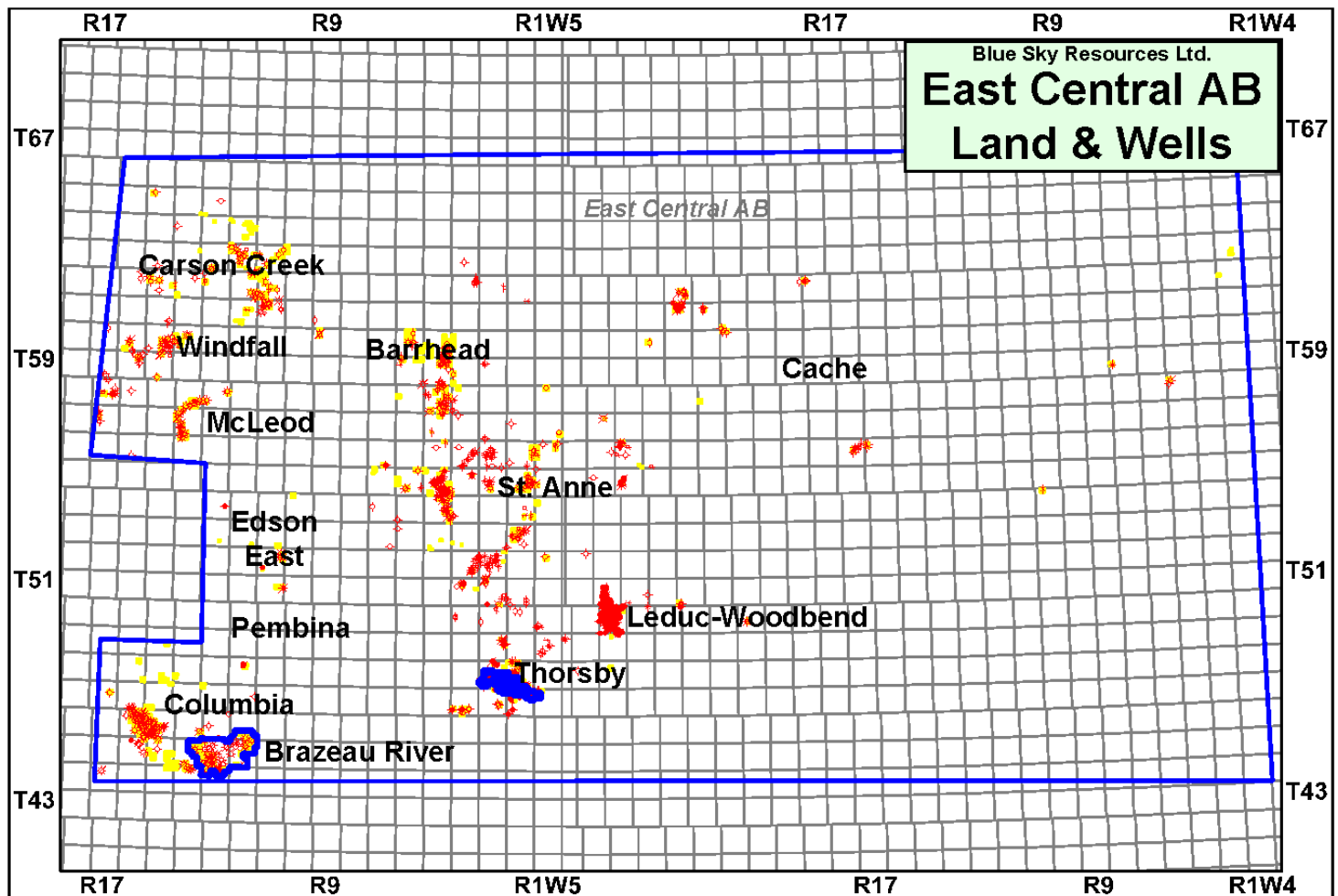
Saskatchewan

As of November 27, 2025, the *South SK* package had a deemed liability value of \$156,900.

East Central AB Package

Township 44-66, Range 3 W4 – 16 W5

In the *East Central AB* package, Blue Sky's main properties are in the *Barrhead, Brazeau River, Cache, Carson Creek, Columbia, Edson East, Leduc-Woodbend, McLeod, Pembina, St. Anne, Thorsby* and *Windfall* areas of Alberta, as shown on the following map.



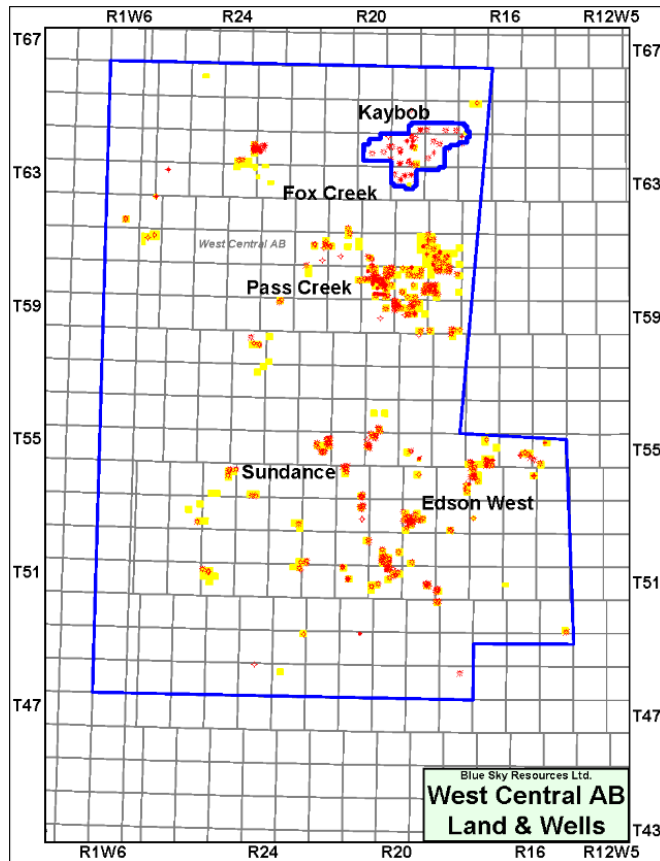


BID DEADLINE: 12:00 pm January 29, 2026

Insolvency Sale

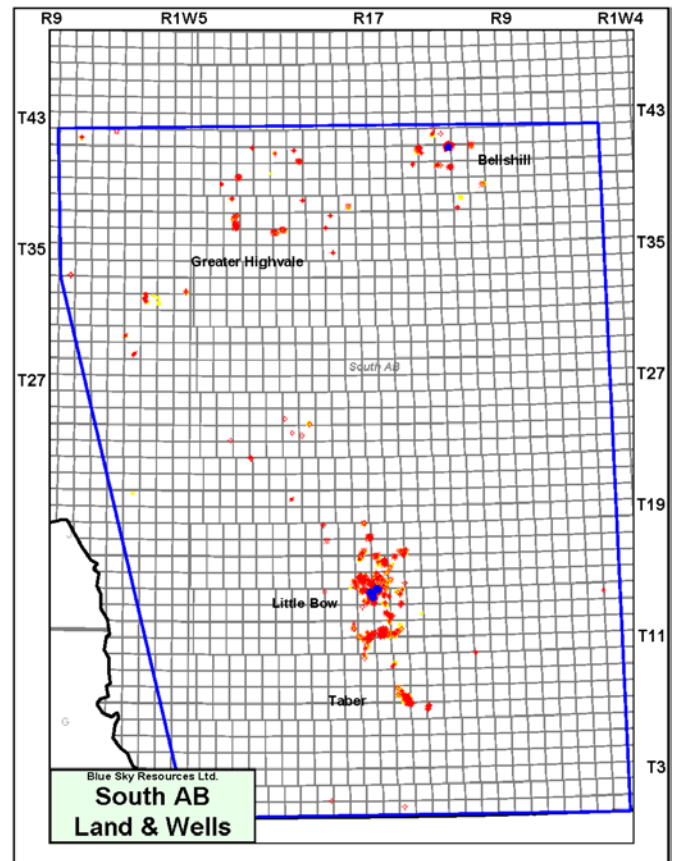
West Central AB Package Township 48-65, Range 15 W5- 1 W6

In the *West Central AB* package, Blue Sky's main properties are in the *Edson West*, *Fox Creek*, *Kaybob*, *Pass Creek* and *Sundance* areas of Alberta, as shown on the following map.



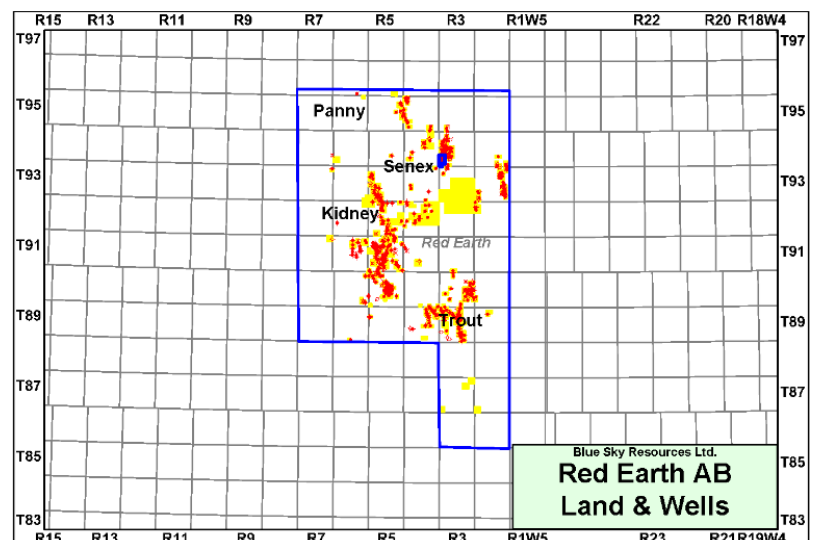
South AB Package Township 1-42, Range 3 W4-8 W5

In the *South AB* package, Blue Sky's main properties are in the *Bellshill*, *Greater Highvale*, *Little Bow* and *Taber* areas of Alberta, as shown on the following map.



Red Earth AB Package Township 56-96, Range 2-7 W5

In the *Red Earth AB* package, Blue Sky's main properties are in the *Kidney*, *Panny*, *Senex* and *Trout* areas of Alberta, as shown on the offsetting map.





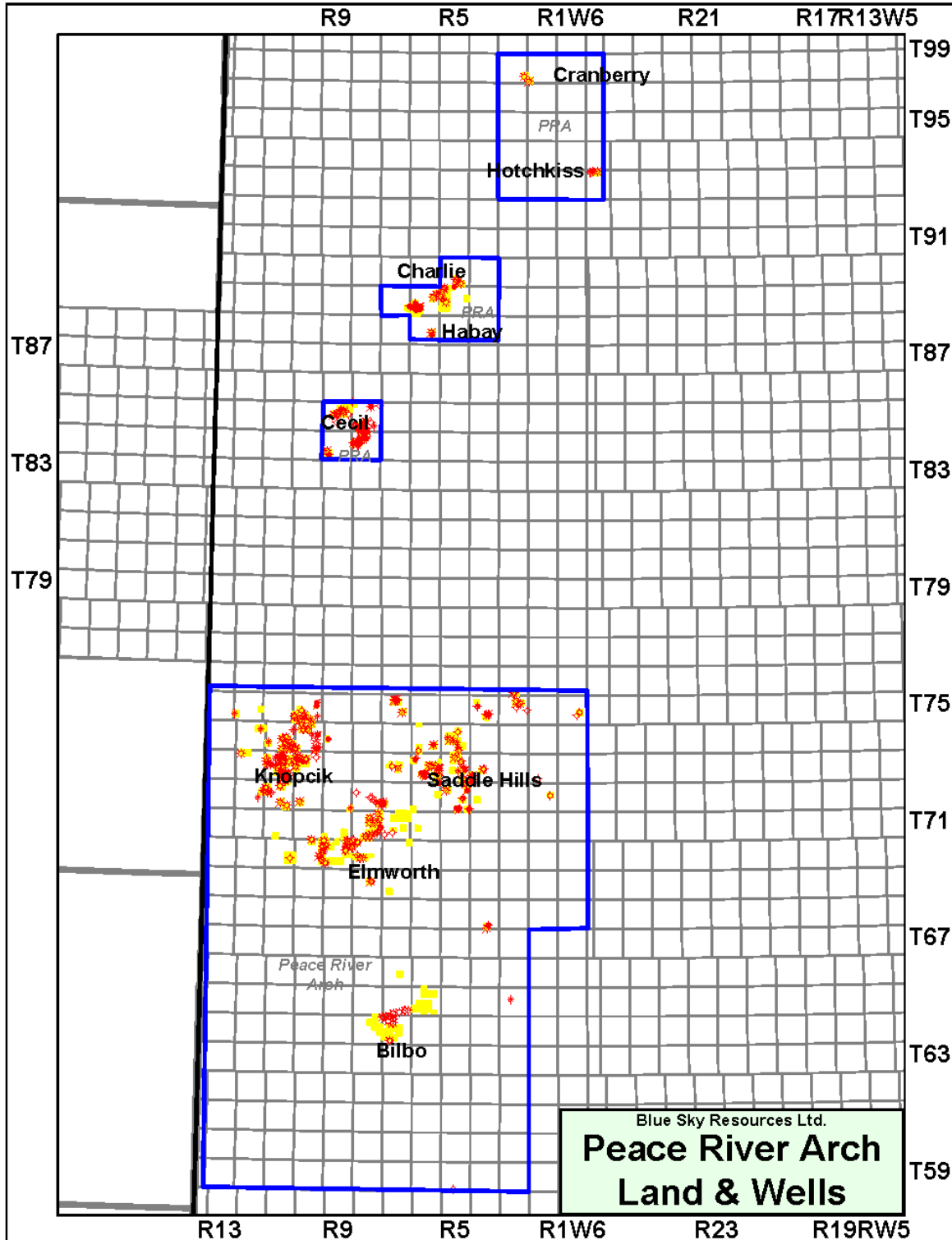
BID DEADLINE: 12:00 pm January 29, 2026

Insolvency Sale

Peace River Arch AB Package

Township 59-97, Range 28 W5-13 W6

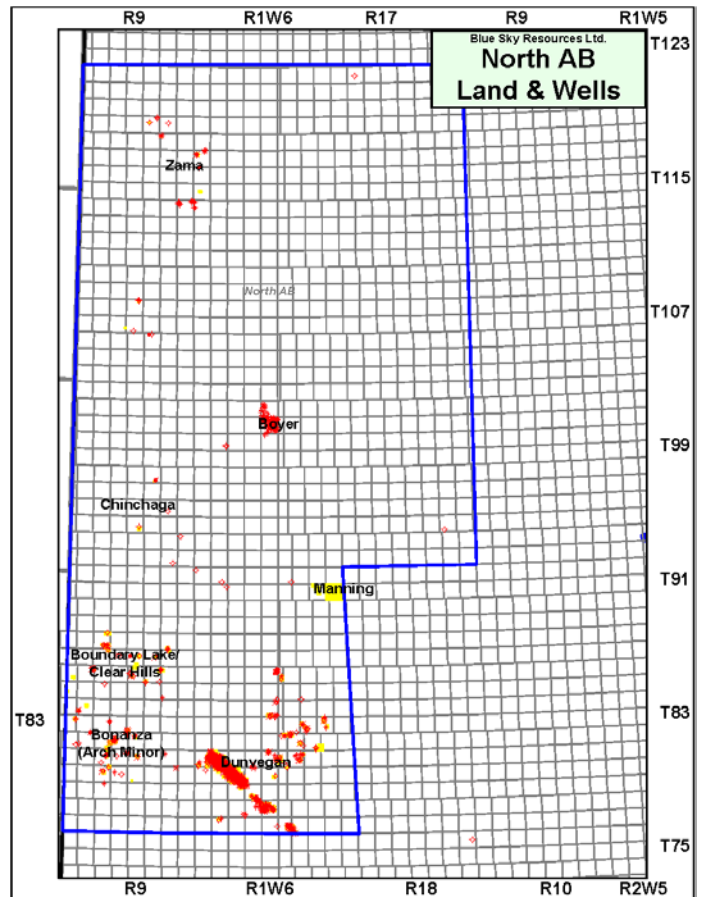
In the *Peace River Arch AB* package, Blue Sky's main properties are in the *Bilbo*, *Cecil*, *Charlie*, *Cranberry*, *Elmworth*, *Habay*, *Hotchkiss*, *Knopcik* and *Saddle Hills* areas of Alberta as well as certain minor interests, as shown on the following map.





North AB Package Township 77-121, Range 15 W5 – 13 W6

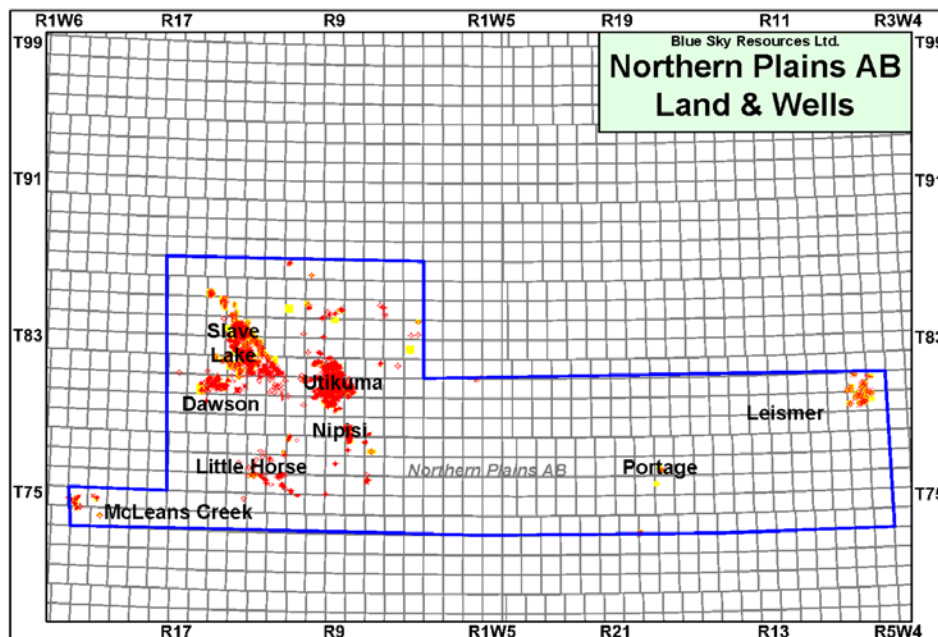
Within the *North AB* package, Blue Sky's main properties are in the *Boundary Lake/Clear Hills*, *Bonanza (Arch Minor)*, *Boyer*, *Chinchaga*, *Manning*, *Dunvegan* and *Zama* areas of Alberta, as shown on the offsetting map.



Northern Plains AB Package

Township 74-87, Range 5 W4 – 22 W5

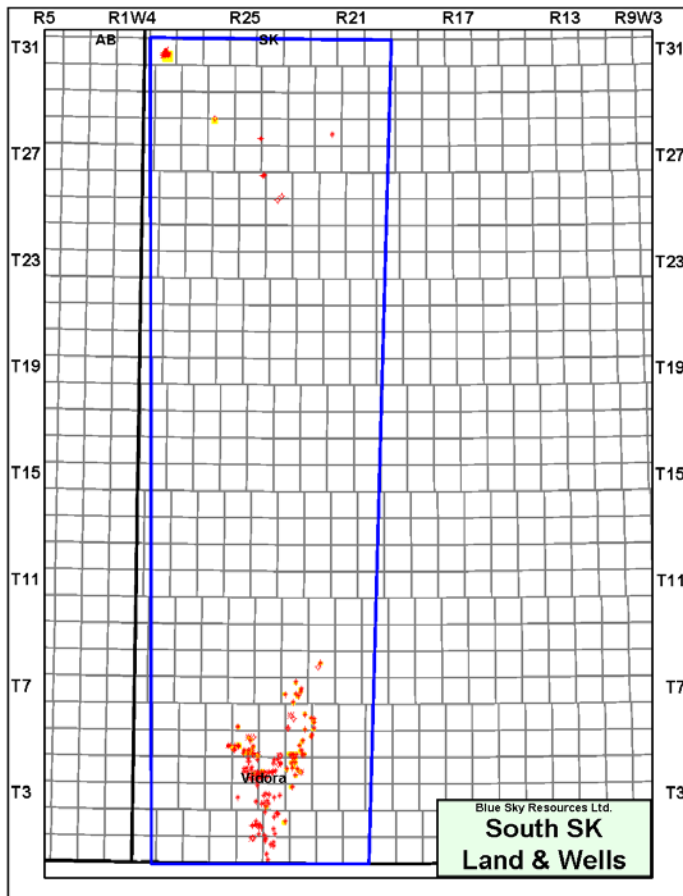
Within the *Northern Plains AB* package, Blue Sky's main properties are in the *Dawson*, *Little Horse*, *Leismer*, *McLeans Creek*, *Nipisi*, *Portage*, *Slave Lake* and *Utikuma* areas of Alberta, as shown on the following map.





South SK Package Township 1-31, Range 22-28 W3

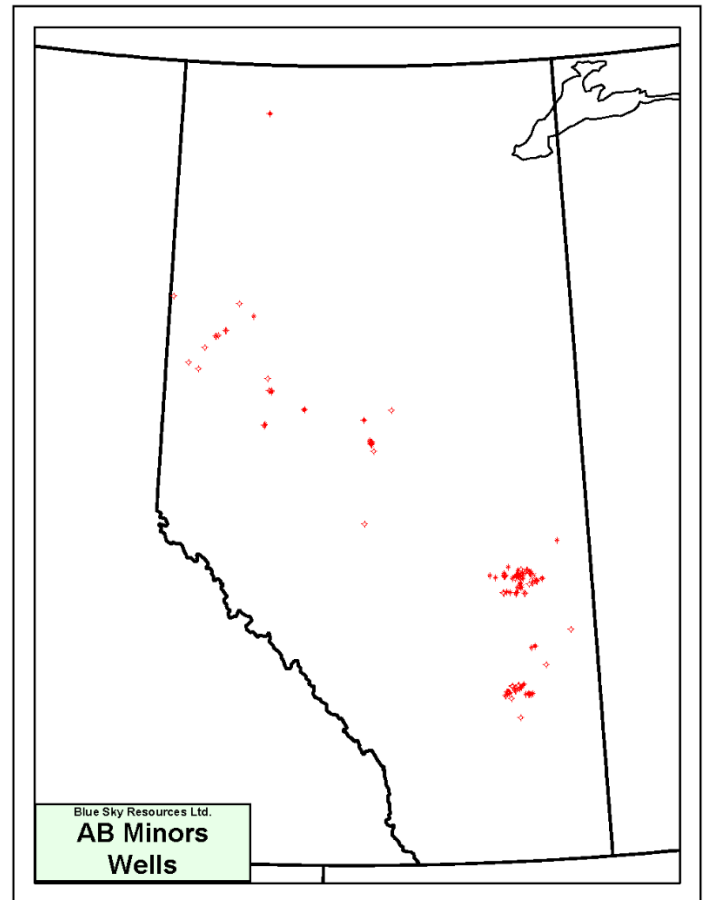
Within the *South SK* package, Blue Sky's main properties are in the *Vidora* and certain miscellaneous areas of Saskatchewan, as shown on the following map. Blue Sky's interests in Saskatchewan consist of primarily non-operated, shallow natural gas wells.



AB Minors Package

Blue Sky has an interest in various minor interests in Alberta, as shown on the following map which are not included in any of the packages described previously.

There is no current production from the *AB Minors* package.



Marketing Overview

Blue Sky holds various marketing and transportation contracts relating to natural gas, crude oil and natural gas liquids production associated with the Properties including **Macquarie Energy Canada Ltd.** for various areas, **Petrogas Energy Corp.** and **Phillips 66 Canada Ltd.** for Red Earth (Senex), **Petrogas Energy Corp.** and **Trafigura Canada General Partnership** for Northern Plains AB (Utikuma, Slave Lake), **Shell Trading Canada** for Northern Plains AB (Utikuma), **BP Canada Energy Group ULC** for the Nova Gas Transmission Line. Summary information and details on Blue Sky's marketing and transportation contracts are available in the virtual data room for parties that execute a confidentiality agreement.

Seismic Overview

The Company holds wide-ranging proprietary and trade 2D and 3D seismic data associated with the Properties. Further details will be available in the virtual data room for parties that execute a confidentiality agreement.

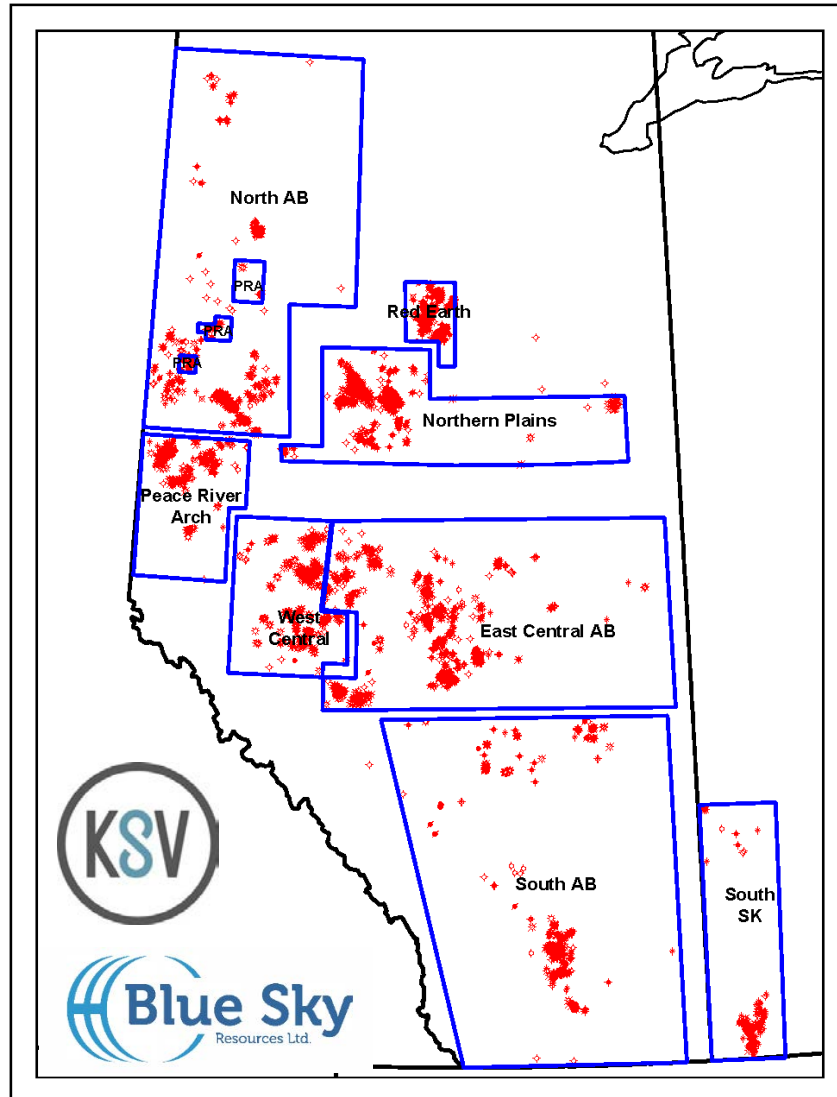




BID DEADLINE: 12:00 pm January 29, 2026

Insolvency Sale

KSV Restructuring Inc. Blue Sky Resources Ltd. Winter 2025/2026 Insolvency Sale



Parties wishing to receive access to the confidential information with detailed technical information relating to this opportunity should execute the confidentiality agreement which is available on Sayer Energy Advisors' website (www.sayeradvisors.com) and return one copy to Sayer Energy Advisors by courier, email (brye@sayeradvisors.com) or fax (403.266.4467).

Included in the confidential information is the following: summary land information, most recent net lease operating statements, the Sproule Report, deemed liability information and other relevant corporate, financial and technical information.

To receive further information on the Properties please contact Ben Rye, Tom Pavic or Sydney Birkett at 403.266.6133.



1620, 540 – 5th Avenue SW, Calgary, Alberta Canada T2P 0M2
Tel: 403.266.6133 Fax: 403.266.4467 www.sayeradvisors.com

Appendix “B”

Blue Sky Resources Ltd.
Cash Flow Forecast
October 27, 2025 to January 25, 2026

For the week ending, In CAD	Notes	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Total
		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	04-Jan-26	11-Jan-26	18-Jan-26	25-Jan-26	
Opening cash balance		1,477,471	1,548,831	1,487,135	519,635	379,635	1,392,809	899,736	594,236	294,236	752,479	860,105	115,105	10,605	1,477,471
Cash Receipts															
Revenue from Operations		319,891	-	-	-	1,387,318	-	-	-	1,363,142				1,347,439	4,417,789
Less TIK obligations		-	-	-	-	(631,707)	-	-	-	(649,898)				(646,500)	(1,928,105)
	Note 1	319,891	-	-	-	755,611	-	-	-	713,244	-	-	-	700,938	2,489,684
Cash Disbursements															
<u>Operating Expenses</u>															
Payroll - Operators	Note 2	-	-	(535,000)		(125,000)		(515,000)				(515,000)			(1,565,000)
Operating Expenses - Power & Utilities	Note 3	-	(125,000)	(125,000)	(75,000)	(125,000)	(75,000)	(125,000)	(100,000)	(125,000)	-	(120,000)	(100,000)	(125,000)	(1,220,000)
Operating Expenses - Fuel & Chemical	Note 3	-	(209,000)	-		(20,000)	(40,000)	(30,000)		(40,000)	(35,000)		(39,000)	(40,000)	(453,000)
Operating Expenses - Sales Oil Hauling & Processing	Note 3	(50,592)	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)	(10,000)	(20,000)	-	(20,000)	(20,000)	(20,000)	(260,592)
Operating Expenses - Repairs and maintenance	Note 3	(5,364)	(25,000)	(25,000)	-	(25,000)	-	-	(25,000)	-	-	(25,000)	(15,000)	(25,000)	(170,364)
Operating Expenses - Surface & mineral leases	Note 3	-	-	(125,000)	(25,000)	-	(25,000)	-	(110,000)	-	(24,000)	-	(115,000)		(424,000)
Operating Expenses - Regulatory compliance		-	-	-	-	-	(100,000)	(100,000)	(50,000)	(50,000)	(50,000)	(50,000)	-	-	(400,000)
Rent	Note 4	-	(46,645)	-	-	(46,645)	-	-	-	(46,645)	-	-	-	-	(139,935)
Operating Contingency		(24,500)	(15,000)	(15,000)	(15,000)	(15,000)	(15,000)	(15,000)	-	(15,000)	(15,000)	(15,000)	(15,000)		(174,500)
		(80,456)	(440,645)	(845,000)	(135,000)	(251,645)	(275,000)	(805,000)	(295,000)	(250,000)	(170,645)	(745,000)	(304,000)	(210,000)	(4,807,391)
<u>Other Disbursements</u>															
General and administrative expense - Payroll Employees/Office Consultants	Note 5	(113,502)	(22,500)	(117,500)	-	(117,500)	-	(100,500)	-	-	(100,500)	-	(100,500)	-	(672,502)
General and administrative expense - Other	Note 6	(53,073)	(5,000)	(5,000)	(5,000)	(5,000)	(53,073)	-	(5,000)	(5,000)	(53,073)	-	-	-	(189,219)
		(166,575)	(27,500)	(122,500)	(5,000)	(122,500)	(53,073)	(100,500)	(5,000)	(5,000)	(153,573)	-	(100,500)	-	(861,721)
Total disbursements before professional fees		(247,031)	(468,145)	(967,500)	(140,000)	(374,145)	(328,073)	(905,500)	(300,000)	(255,000)	(324,218)	(745,000)	(404,500)	(210,000)	(5,669,112)
Professional Fees															
Company counsel legal fees		(1,500)	(75,000)	-	-		(75,000)	-	-	-	(75,000)	-	-	-	(226,500)
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		(1,500)	(165,000)	-	-	-	(165,000)	-	-	-	(165,000)	-	-	-	(496,500)
Net cash flow		71,360	(633,145)	(967,500)	(140,000)	381,466	(493,073)	(905,500)	(300,000)	458,244	(489,218)	(745,000)	(404,500)	490,938	(3,675,928)
Interim financing															
Interim financing advances / (repayments)	Note 7	-	571,450			631,707	-	600,000	-	-	596,843	-	-	-	2,400,000
Asset sales															
Proceeds from asset sales	Note 8	-	-	-	-	-	-	-	-	-	-	-	300,000	-	300,000
Closing cash balance		1,548,831	1,487,135	519,635	379,635	1,392,809	899,736	594,236	294,236	752,479	860,105	115,105	10,605	501,543	501,543

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 8. 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 November 2025.

Blue Sky Resources Ltd.

Per: 

Mike Bouvier
Interim President

KSV Restructuring Inc.

Per: 

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

Blue Sky Resources Ltd.
Notes to the Cash Flow Forecast
October 27, 2025 to January 25, 2026

Note 1: Reflects the Company's cash receipts assuming current production levels remain unchanged, net of a take-in-kind credit agreement with the Company's secured lender. The revenue from operations assumes all revenue from BC operations is paid to the Company during the forecast period.

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 Draw Schedule as defined within the Interim Facility Term Sheet, which includes: (i) the first draw reflecting the actual TIK obligation occurring on October 25th; (ii) the draw reflecting the budgeted TIK obligation forecasted on November 25; and (iii) subsequent draws reflecting the needs of the Company as forecasted by the cash flow.

Note 8: Proceeds from asset sales reflect the sale proceeds from certain transactions currently being negotiated by the Company. As negotiations are on going, the full value of the transactions are not disclosed in this cash flow.

**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 January 25, 2026.

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 8.

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 8. Consequently, readers are cautioned that it may not be appropriate for other purposes.

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

Blue Sky Resources Ltd.

A handwritten signature in blue ink, appearing to read 'MB', followed by a horizontal line.

Per: Mike Bouvier

Appendix “C”

Blue Sky Resources Ltd.
Cash Flow Forecast
December 15, 2025 to February 8, 2026

For the week ending, in CAD	Notes	Actual Performance To Date	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Total
			21-Dec-25	28-Dec-25	04-Jan-26	11-Jan-26	18-Jan-26	25-Jan-26	01-Feb-26	08-Feb-26	
Opening cash balance		27,189	762,030	22,030	410,310	670,092	101,092	298,592	1,351,697	588,052	27,189
Cash Receipts											
Revenue from Operations		6,245,306	-	1,288,280	-	-	-	1,213,105	-	-	8,746,691
Less TIK obligations		(1,894,230)	-	-	-	-	-	-	-	-	(1,894,230)
	Note 1	4,351,076	-	1,288,280	-	-	-	1,213,105	-	-	6,852,461
Cash Disbursements											
Operating Expenses											
Payroll - Operators	Note 2	(1,487,979)				(485,000)					(1,972,979)
Operating Expenses - Power & Utilities	Note 3	(969,268)	(400,000)	(750,000)	(400,000)	-			(600,000)	-	(3,119,268)
Operating Expenses - Fuel & Chemical	Note 3	(89,498)	(10,000)		-	(39,000)		-	(16,500)	-	(154,998)
Operating Expenses - Sales Oil Hauling & Processing	Note 3	(290,134)	-	(110,000)	-	(20,000)	-	(20,000)	-	-	(440,134)
Operating Expenses - Repairs and maintenance	Note 3	(253,969)	(25,000)	-	-	(25,000)	-	(25,000)	-	-	(328,969)
Operating Expenses - Surface & mineral leases	Note 3	(366,698)	(110,000)	-	-	-		(115,000)	-	-	(591,698)
Operating Expenses - Regulatory compliance	Note 3	(208,284)	(25,000)	-	(25,000)	-	(50,000)	-	-	(35,000)	(343,284)
Rent	Note 4	(145,247)	-	-	(46,645)	-	-	-	(46,645)	-	(238,537)
Operating Contingency		(11,857)	-	-	(15,000)	-	(15,000)	-	-	-	(41,857)
		(3,822,934)	(570,000)	(860,000)	(486,645)	(569,000)	(65,000)	(160,000)	(663,145)	(35,000)	(7,231,724)
Other Disbursements											
General and administrative expense - Payroll Employees/Office Consultants	Note 5	(852,730)	-	-	(100,500)	-	(100,500)	-	(100,500)	-	(1,154,230)
General and administrative expense - Other	Note 6	(237,655)	(5,000)	-	(53,073)	-	(5,000)	-		(53,073)	(353,801)
		(1,090,386)	(5,000)	-	(153,573)	-	(105,500)	-	(100,500)	(53,073)	(1,508,032)
Total disbursements before professional fees		(4,913,319)	(575,000)	(860,000)	(640,218)	(569,000)	(170,500)	(160,000)	(763,645)	(88,073)	(8,739,755)
Professional Fees											
Company counsel legal fees		(203,493)	(75,000)	-	-	-	(75,000)	-	-	-	(353,493)
Trustee fees		(163,744)	(50,000)	-	-	-	(50,000)	-	-	-	(263,744)
Trustee's counsel fees		(2,680)	(40,000)	(40,000)	-	-	(40,000)	-	-	-	(122,680)
Total Professional Fees		(369,916)	(165,000)	(40,000)	-	-	(165,000)	-	-	-	(739,916)
Net cash flow		(932,160)	(740,000)	388,280	(640,218)	(569,000)	(335,500)	1,053,105	(763,645)	(88,073)	(2,627,210)
Interim financing											
Interim financing advances / (repayments)	Note 7	967,000	-	-	900,000	-	533,000	-	-	-	2,400,000
Asset sales											
Proceeds from asset sales		700,000	-	-	-	-	-	-	-	-	700,000
Closing cash balance		762,030	22,030	410,310	670,092	101,092	298,592	1,351,697	588,052	499,979	499,979

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 15th day of December 2025.

Blue Sky Resources Ltd.

Per: Signed by:



Mike Boudreau
President

KSV Restructuring Inc.

Per: Signed by:



Andrew Bassi
Managing Director

Blue Sky Resources Ltd.
Notes to the Cash Flow Forecast
December 15, 2025 to February 8, 2026

- Note 1:** Reflects the Company's cash receipts, which will no longer be net of a take-in-kind credit agreement with the Company's secured lender. Revenues assume the Company is able to continue production of certain sites licensed by the AER in accordance with its Operating Plan.
- 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 and regulatory compliance.
- 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 draw downs from the funds available under the Interim Facility Term Sheet, which reflects the needs of the Company as forecasted by the cash flow.

**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 February 8, 2026.

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 15th day of December, 2025.

Blue Sky Resources Ltd.

Signed by:



4DBA86A5ACC8474...
Per: Mike Bouvier

Appendix “D”

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

The attached statement of projected cash-flow of Blue Sky Resources Ltd. (the "Company"), as of the 15th day of December, 2025, consisting of a weekly cash flow statement for the period December 15, 2025 to February 8, 2026, has been prepared by the management of the insolvent person for the purpose of supporting the Company's Notice of Intention or Make a Proposal ("NOI"), using the probable and hypothetical assumptions set out in Notes 1-7.

Our review consisted of inquiries, analytical procedures and discussion related to information supplied to us by the management and employees of 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 for the probable assumptions and the 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 by management 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 of supporting the Company's NOI and readers are cautioned that it may not be appropriate for other purposes.

Dated this 15th day of December, 2025.

**KSV RESTRUCTURING INC.
TRUSTEE**

KSV Restructuring Inc.

Per: Andrew Basi, Managing Director

Appendix “E”

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.

Appendix “F”

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,

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
Danielle Brezina, Legal Counsel, AER
Oluchi Chijioke, Legal Counsel, AER
Andrew Basi, Proposal Trustee for Blue Sky NOI, KSV Advisory

Appendix “G”

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File No. 446935.000005

December 11, 2025

Delivered via Email

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Attention: Scott Reeves
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Anthony Mersich
anthony.mersich@ca.dlapiper.com

Dear Sirs/Mesdames:

**Re: In the Matter of the Notice of Intention to Make a Proposal of Blue Sky Resources Ltd.
Alberta Court of King's Bench Action No. 25-3276975**

Please be advised that we are counsel to Aces Canada SPV III ULC (the "**Anvil Group**") in its capacity as a secured creditor of Blue Sky Resources Ltd. ("**BSR**") and also as interim lender pursuant to the interim financing term sheet dated October 30, 2025.

The Anvil Group, partially through the financial advisory work undertaken by Alvarez & Marsal, has become aware of the purported transactions involving BSR, Blue Sky Global Energy Corp. ("**BSGE**") and Saba Energy Ltd. ("**Saba**"). The Anvil Group's understanding of the purported transactions is summarized below.

Initial Transaction

In 2024, BSGE purported to acquire from BSR:

- (i) a 50% non-operating interest in certain oil and gas assets in Northeastern British Columbia ("**BC Assets**"); and
- (ii) 100% of the shares of Blue Sky Paus Ltd., (collectively, the "**Acquisition**") which holds an offshore production sharing contract in Indonesia.

We understand that the purported transaction was governed by a purchase and sale agreement effective January 1, 2024, with closing on March 29, 2024 (per the purchase and sale agreement). The CAD \$27,500,000 purchase price was satisfied through the issuance of 296,198,202 common shares of BSGE shares to BSR.

As regulatory reviews progressed, the Acquisition was ultimately characterized as a non-arm's-length related-party transaction and reverse takeover under TSX Venture Exchange ("TSXV") policies (however, the most recent interim financials for the period ended September 30, 2025 indicates that for accounting purposes, this transaction does not meet the requirements to be classified as a reverse take over).

In May 2024, BSGE purported to complete a 1-for-5 (i.e. 1 new share for every 5 old common share) share consolidation and adopted a deferred share issuance structure to comply with TSXV public float requirements. After the consolidation, the company had 69,693,695 common shares outstanding, including 59,239,640 shares designated as consideration for BSR (subject to deferred issuance) and 10,454,019 shares held by existing BSGE shareholders. Under TSXV policies, 52,169,494 of the consideration shares issued to BSR are held in escrow to maintain the required 20% public float and will be released as BSGE (now Saba) completes additional financing. The shareholders purported to approve the Acquisition and related corporate actions, including the continuance of BSGE to Alberta, the share consolidation, and the creation of a new control person, at the April 29, 2024 meeting. We understand that the purported Acquisition closed on May 28, 2024.

Later in 2024, BSGE purported to complete a separate related-party transaction with BSR to acquire a 50% interest in heavy oil assets in Cold Lake, Alberta for cash consideration of CAD \$307,839.50. This purported transaction was exempt from the formal valuation and minority approval requirements of MI 61-101, as neither the fair market value of the assets nor the consideration exceeded 25% of BSGE's market capitalization.

Saba's most recent interim MD&A for the period ending September 30, 2025 states the following with respect to the 2024 transaction:

- 59,239,640 common shares were issued to BSR as consideration for the transaction, and as of September 30, 2025, BSGE has 69,693,695 common shares. Following the transaction, BSR became a related party by virtue of its nominees owning 85% of BSGE's outstanding shares and a control person.
- During the nine months ended September 30, 2024, BSGE underwent a 5:1 share consolidation and issued 52,239,641 common shares pursuant to the acquisition transaction.

Phase II Transaction

In 2025, BSGE purported to enter into a series of transactions with BSR, a related party, to consolidate its ownership of certain Canadian oil and gas assets and divest its international assets. On May 9, 2025, BSGE announced it had executed a letter of intent with BSR for the acquisition of the remaining 50% interest in the BC Assets and a 50% interest in certain Alberta oil and gas assets for a total cash purchase price of CAD \$19,000,000, subject to financing and customary conditions. A further press release on May 12, 2025 confirmed that the letter of intent was non-binding. No finder's fees were paid.

A subsequent update on June 18, 2025 disclosed that the parties had purported to enter into a non-binding letter of amendment increasing the purchase price to CAD \$23,000,000 and expanding the Alberta acquisition to include additional working interests (i.e. increased acquisition of the Utikuma Assets from 50% to 100% working interest, 100% working interest of the Taber properties, 100% working interest of the Columbia properties, and the remaining 50% of the Cold lake area). The amendment also provided that, if required, BSR would offer a vendor take-back loan with a two-year term and 10% annual interest. On the same date, BSGE announced that it had signed a separate non-binding letter of intent with an arm's-length party, Kinara

Resources Ltd., for the sale of its Belize and Indonesian subsidiaries (Fire Creek (Barbados) Ltd. and Blue Sky Paus Ltd.) for CAD \$500,000 payable within 90 days of closing pursuant to a promissory note.

On June 25, 2025, BSGE and BSR purported to enter into a definitive purchase and sale agreement for the remaining 50% interest in the BC Assets and 50% of the working interest in the Cold Lake, Alberta assets at a purchase price of CAD \$13,000,000. As BSR is controlled by the Chaudhary Family Trust, an insider of BSGE, the transaction constituted a related-party transaction.

BSGE announced on July 2, 2025 that it had purported to execute definitive agreements both for the acquisition of the BC and Alberta assets from BSR and for the sale of its Belize and Indonesian assets to Kinara Resources Ltd. The Utikuma assets were removed from the acquisition, reducing the purchase price to CAD \$21,000,000. BSGE stated that it intended to complete debt financing to fund the transaction. However, if BSGE is unable to obtain financing, BSR was prepared to provide a vendor take-back loan at closing.

On September 11, 2025, BSGE confirmed that it had received all required shareholder approvals and had closed the purported acquisition of the remaining 50% of the BC Assets and the 50% Alberta Cold Lake assets for CAD \$13,000,000 (of which CAD \$307,850 was allocated to the Cold Lake asset), payable by promissory note due in two years with interest at 10% per annum. BSGE also announced that director-elect Ilyas Chaudhary, despite receiving shareholder approval, would not join the board at this time. Finally, BSGE announced (on September 11) that it had received approval to change its corporate name to Saba Energy Ltd.

On September 24, 2025, BSR filed a Notice of Intention to Make a Proposal under Part III of the *Bankruptcy & Insolvency Act* (the “NOI”).

Per a second amending agreement dated effective as of October 7, 2025, being after the NOI was filed, between Saba (formerly BSGE) and BSR, the parties purported to agree that the purchase price of CAD \$13,000,000 shall be payable as follows (until the purchase price is paid in full):

- (i) from and after closing and until the licenses for the BC Assets are transferred from BSR to BSGE, all production revenue from the BC Assets shall be received by BSR and the revenue net of costs will be applied toward satisfaction of the purchase price;
- (ii) from and after the date that BCER transfers the licenses for the BC Assets from BSR to BSG, 60% of the production revenue from the BC Assets shall be received by BSR, and the revenue net of costs will be applied towards satisfaction of the purchase price; and
- (iii) BSGE may at any time, without penalty, make payments to towards the satisfaction of the purchase price, or any portion.

Current Status and Position of the Anvil Group

It is the Anvil Group’s information that the Phase II Transaction has not yet been fully completed. In particular, among other things, our client understands that a significant proportion of the total purchase price remains outstanding. Our client is uncertain as to the status of the Initial Transaction.

It is plainly obvious to our client that these transactions have been arranged between non-arm’s length parties and that Mr. Chaudhary has an entirely self-motivated interest to conclude the terms of these deals and realize on payment of the overall transaction amount. This was made clear in our call with counsel for BSR on

November 21, 2025 wherein we were advised that Mr. Chaudhary was purporting re-insert himself as an executive of BSR, having previously resigned, as he was not confident that Mr. Bouvier and the existing management team would prioritize completing the transactions. For reasons not clear to our client, Mr. Chaudhary ultimately made the decision not to re-insert himself as an executive of BSR. We are left to assume that he obtained legal advice not to take such a step.

It is the firm position of the Anvil Group that both the Initial Transaction and the Phase II Transaction constitute reviewable transactions under the terms of the *Bankruptcy & Insolvency Act*. Our client is prepared to bring an application before the Courts, if necessary, to unwind these purported transactions and it is in the process of considering its options.

We would like an opportunity to speak with you as soon as reasonably possible with a view to discussing a potential solution to what is a disconcerting circumstance in light of the company's ongoing obligation to act in good faith in the course of the NOI proceedings.

We look forward to hearing from you.

Sincerely,

BORDEN LADNER GERVAIS LLP



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KB/kw

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