

COURT/ESTATE FILE NUMBER B301 276975
25-3276975



COURT COURT OF KING'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY

\$100.00
COM
Oct. 15, 2025
J. Mah

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

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

DOCUMENT **APPLICATION – STAY EXTENSION AND
ADMINISTRATION CHARGE**

ADDRESS FOR SERVICE AND CONTACT DLA Piper (Canada) LLP
INFORMATION OF PARTY FILING THIS 1000, 250 2 Street SW
DOCUMENT Calgary, Alberta T2P 0C1

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

File No. 101988-00025

NOTICE TO RESPONDENTS

This application is made against you. You are a respondent.

You have the right to state your side of this matter before the judge.

To do so, you must be in Court when the application is heard as shown below:

Date: Wednesday, October 15, 2025
Time: 3:00 p.m.
Where: Calgary Courts Centre (via Webex)
<https://albertacourts.webex.com/meet/virtual.courtroom86>
Before Whom: The Honourable Mr. Justice D. Mah

Go to the end of this document to see what else you can do and when you must do it.

Remedy claimed or sought:

1. Blue Sky Resources Ltd. ("**Blue Sky**") respectfully seeks an Order substantially the form attached hereto as Schedule "A" for, *inter alia*:
 - (a) abridging the time for service of this Application and the supporting materials, as necessary, and deeming service thereof to be good and sufficient;
 - (b) pursuant to section 50.4(9) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 (the "**BIA**") extending the time for the Applicants to file a proposal to November 9, 2025;
 - (c) pursuant to section 64.2 of the BIA, declaring that the trustee, KSV Restructuring Inc. (the "**Proposal Trustee**"), counsel to the Proposal Trustee and counsel to Blue Sky shall be paid their reasonable fees and disbursements, and declaring that the Proposal Trustee, counsel to the Proposal Trustee and counsel to Blue Sky, as security for the professional fees and disbursements incurred both before and after the granting of the requested Order, shall be entitled to the benefits of and are hereby granted a first priority charge (the "**Administration Charge**") on all present and after-acquired property of the Applicants (the "**Property**"), which charge shall not exceed an aggregate amount of \$500,000;
 - (d) such further and other relief as counsel may request and this Honourable Court may deem appropriate in the circumstances.

Grounds for making this Application

2. Blue Sky is an oil and gas exploration company with assets in Alberta and British Columbia ("BC").
3. As at October 1, 2025, Blue Sky has daily oil and gas production of 2,850 boe/d, which is approximately 62%:38% gas-to-oil ratio.
4. Blue Sky is insolvent and filed a Notice of Intention to Make a Proposal with the Official Receiver on September 24, 2025 (the "**NOI**"). KSV Restructuring Inc. is the Proposal Trustee for Blue Sky under these restructuring proceedings (the "**NOI Proceedings**").

Administration Charge

5. Blue Sky needs the expertise, knowledge and continued participation of the proposed beneficiaries of the Administration Charge during these proceedings. The proposed

Administration Charge would secure the payment of the professional fees and disbursements of the Proposal Trustee, counsel to the Proposal Trustee and counsel to Blue Sky, whether incurred before or after the filing of the NOI.

6. The Administration Charge is proposed to rank ahead of and have priority over all of the other security interests and Court-ordered charges against Blue Sky.
7. The Proposal Trustee is of the view that the Administration Charge is fair and reasonable in the circumstances and the Proposal Trustee supports the Administration Charge.

Extension of Time to File Proposal

8. The time for filing a proposal will expire on October 24, 2025.
9. Blue Sky requires an extension of the stay of proceedings and of the time to file a proposal in order to continue to work towards the formulation and filing of a proposal or to otherwise restructure its affairs.
10. The extension of time to file a proposal is appropriate because: (a) Blue Sky has acted and is acting, in good faith and with due diligence since filing the NOI; (b) Blue Sky will likely be able to make a viable proposal if the extension is granted, and (c) no creditor will be materially prejudiced by the requested extension.

Material or evidence to be relied on:

11. The pleadings and proceedings had and taken in this Action;
12. The Affidavit of Ilyas Chaudhary sworn October 8, 2025;
13. The First Report of the Proposal Trustee, to be filed; and
14. Such further or other material or evidence as counsel may advise and this Court may permit.

Applicable Acts and Regulations:

15. *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended; and
16. Such further and other Acts and Regulations as counsel may advise and this Court may permit.

Any irregularity complained of or objection relied on:

17. None.

How the application is proposed to be heard or considered:

18. Via WebEx before the Honourable Mr. Justice D. Mah.

WARNING

If you do not come to Court either in person or by your lawyer, the Court may give the applicant(s) what they want in your absence. You will be bound by any order that the Court makes.

If you want to take part in this application, you or your lawyer must attend in Court on the date and at the time shown at the beginning of the form. If you intend to rely on an affidavit or other evidence when the application is heard or considered, you must reply by giving reasonable notice of the material to the applicant.

SCHEDULE "A"
DRAFT ORDER

Clerk's Stamp:

COURT/ESTATE FILE NUMBER

25-3276975

COURT

COURT OF KING'S BENCH OF ALBERTA

JUDICIAL CENTRE

CALGARY

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

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

DOCUMENT

ORDER**(Extension of Time to File Proposal and Administration Charge)****DLA Piper (Canada) LLP**

1000, 250 2 Street SW

Calgary, Alberta T2P OC1

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS DOCUMENT

Lawyer: Carole J. Hunter / Anthony Mersich

Phone Number: (403) 698 8782 / (403) 766-8819

Fax Number: (403) 697 6600

Email Address: carole.hunter@ca.dlapiper.com /
anthony.mersich@ca.dlapiper.com

File No. 101988-00025

DATE ON WHICH ORDER WAS PRONOUNCED

October 15, 2025

LOCATION OF HEARING OR TRIALEdmonton, Alberta (Via
Webex)**NAME OF JUDGE WHO MADE THIS ORDER**

Justice D. Mah

UPON THE APPLICATION of Blue Sky Resources Ltd. ("**Blue Sky**"); **AND UPON** reading the Affidavit of Ilyas Chaudhary sworn October 8, 2025 (the "**Chaudhary Affidavit**"), and the First Report of KSV Restructuring Inc., in its capacity as proposal trustee of Blue Sky (the "**Proposal Trustee**") dated October XX, 2025, **AND UPON** noting that Blue Sky filed a Notice of Intention to Make a Proposal under subsection 50.4(1) of the *Bankruptcy and Insolvency Act*, RSC 1985, c. B-3, as

amended (the "**BIA**") on September 24, 2025; **AND UPON** hearing the submissions of counsel for Blue Sky, and the other parties present;

IT IS HEREBY ORDERED AND DECLARED THAT:

1. Capitalized terms otherwise used but not defined herein shall have the meanings ascribed to them in the Chaudhary Affidavit.

SERVICE

2. Service of the Notice of Application for this Order is hereby validated and deemed good and sufficient, this application is properly returnable today, and no person other than those persons served is entitled to service of the Notice of Application.

EXTENSION OF TIME TO FILE PROPOSAL

3. The time within which Blue Sky is required to file a proposal to their creditors with the Official Receiver, under section 50.4 of the BIA is hereby extended to November 9, 2025.
4. The general stay of proceedings against Blue Sky imposed by section 69 of the BIA is extended to 11:59 p.m. (Mountain Time) on November 9, 2025.

ADMINISTRATION CHARGE

5. The Proposal Trustee, its legal counsel, and the legal counsel to Blue Sky, as security for their respective professional fees and disbursements incurred both before and after the granting of this Order, shall be entitled to the benefits of and are hereby granted a first ranking charge (the "**Administration Charge**") on all of the present and after-acquired assets, property and undertaking of the Applicants (collectively, the "**Property**"), at the normal rates and charges of the Proposal Trustee and such counsel, which Administration Charge shall not exceed \$500,000.
6. The filing, registration or perfection of the Administration Charge shall not be required, and the Administration Charge shall be enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Administration Charge coming into existence, notwithstanding any such failure to file, register, record or perfect.

7. The Administration Charge shall constitute a charge on the Property, such shall rank in priority to all other security interests, trusts, liens, charges, encumbrances and claims of secured creditors, statutory or otherwise in favour of any person (collectively, the "**Encumbrances**").
8. Except as otherwise provided herein, or as may be approved by this Honourable Court, Blue Sky shall not grant any Encumbrances over the Property that rank in priority to, or *pari passu* with, the Administration Charge, unless the Applicants obtain the prior written consent of the beneficiaries of the Administration Charge (the "**Chargees**") or further order of this Court.
9. The Administration Charge shall not be rendered invalid or unenforceable and the rights and remedies of the Chargees thereunder shall not otherwise be limited or impaired in any way by:
 - (a) the pendency of these proceedings and the declarations of insolvency made in this Order;
 - (b) any application(s) for bankruptcy order(s) issued pursuant to the BIA, or any bankruptcy order made pursuant to such applications;
 - (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA;
 - (d) the provisions of any federal or provincial statutes; or
 - (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an "**Agreement**") that binds Blue Sky, and notwithstanding any provision to the contrary in any Agreement:
 - (i) neither the creation of the Administration Charge nor the execution, delivery, perfection, registration or performance of any documents in respect thereof, shall create or be deemed to constitute a new breach by Blue Sky of any Agreement to which it is a party;
 - (ii) none of the Chargees shall have any liability to any person whatsoever as a result of any breach of any Agreement caused by or resulting from the creation of the Administration Charge; and

- (iii) the payments made by Blue Sky pursuant to this Order and the granting of the Administration Charge, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct or other challengeable or voidable transactions under any applicable law.

GENERAL

- 10. Blue Sky and the Proposal Trustee may from time to time apply to this Court for advice and directions in the discharge of their powers and duties hereunder.
- 11. Any interested party (including Blue Sky and the Proposal Trustee) may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to any other party or parties likely to be affected by the order sought or upon such other notice, if any, as this Court may order.
- 12. Service of this Order may be effected by facsimile, electronic mail, personal delivery or courier. Service is deemed to be effected the next business day following transmission or delivery of this Order.

J.C.K.B.A.