

COURT FILE NUMBER

2503 00016

COURT

COURT OF KING'S BENCH OF ALBERTA

JUDICIAL CENTRE

EDMONTON

IN THE MATTER OF THE COMPANIES' CREDITORS
ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS
AMENDED



AND IN THE MATTER OF A PLAN OF COMPROMISE
OR ARRANGEMENT OF KMC MINING
CORPORATION

DOCUMENT

**FIRST REPORT TO COURT OF FTI CONSULTING
CANADA INC., IN ITS CAPACITY AS MONITOR
OF KMC MINING CORPORATION**

January 17, 2025

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
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DOCUMENT

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FIRST REPORT OF THE MONITOR

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INTRODUCTION

1. On December 5, 2024, KMC Mining Corporation (“**KMC**” or the “**Company**”) filed a Notice of Intention to Make a Proposal (“**NOI**”) pursuant to subsection 50.4(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c B-3, as amended (the “**BIA**”). FTI Consulting Canada Inc. (“**FTI**”) consented to act as proposal trustee (the “**Proposal Trustee**”) in the NOI proceedings (the “**NOI Proceedings**”) of KMC.

2. On December 9, 2024, the Court granted an Order (the “**December 9 Order**”) which, among other things:
 - (a) Approved an administrative charge, ranking in priority only to the claims of the Secured Lender and the Klemke Foundation on all of the Company’s present and after-acquired assets, property and undertakings, not to exceed \$0.5 million (the “**Administrative Charge**”);

 - (b) Authorized KMC to obtain and borrow under a credit facility provided by certain of the Secured Lenders (the “**Interim Lenders**”) to finance the Applicant’s working capital requirements and other such general corporate and capital expenditures, not to exceed \$6.0 million (the “**Interim Financing Charge**”). The Interim Financing Charge currently ranks only in priority to the claims over the Company’s present and after-acquired assets, property and undertakings of the Secured Lender and the Klemke Foundation;

 - (c) Authorized KMC, with approval from the Proposal Trustee, to sell and dispose of redundant or non-material assets not exceeding in aggregate \$1.0 million; and

 - (d) Extended the stay of proceedings and time within which the Company is required to file a proposal to its creditors to February 18, 2025.

3. On December 20, 2024, the Honourable Court granted an Order, which among other things, authorized the Company to execute on a letter of intent for an asset sales transaction with Gibraltar Mines Limited which exceeds the pre-authorized asset sale limit of \$1.0 million.
4. On January 10, 2025, (the “**CCAA Filing Date**”), KMC sought and obtained three Orders from the Court of King’s Bench of Alberta (the “**Court**”):
 - (a) An initial Order (the “**Initial Order**”) granting, among other things, the following relief:
 - i. A continuation of the NOI Proceedings under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c C-36, as amended (the “**CCAA**” and the “**CCAA Proceedings**”);
 - ii. An extension of the stay period until January 20, 2025 (the “**Stay Period**”);
 - iii. The appointment on FTI as monitor (FTI in such capacity, the “**Monitor**”) in these CCAA Proceedings;
 - iv. Approval and continuation of the priority and amount of the charges in favor of (i) the Monitor, the Monitor’s counsel, and KMCs’ legal counsel (the “**Administration Charge**”) in the amount of \$500,000; (ii) borrowings under a credit facility from the Interim Lenders noted in the Interim Financing Term Sheet in order to finance KMC’s working capital requirements and other general corporate purposes and capital expenditures, not to exceed \$6.0 million (the “**Interim Financing Charge**”); and (iii) KMCs’ obligations to indemnify KMC’s directors and officers for liabilities they may incur after the Filing Date (the “**Directors’ Charge**”) in the amount of \$500,000 (together, the “**Initial Order Charges**”);

- (b) A sales and investment solicitation process order (“**SISP Order**”), granting, among other things, the following relief:
 - i. Approval of the sale and investment solicitation process (the “**SISP**”);
 - ii. Approval of the engagement letter, dated December 23, 2024 (the “**Sales Agent Agreement**”), between KMC and Ernst & Young Orenda Corporate Finance Inc. (the “**Sales Agent**”); and
 - iii. Authorization to increase the aggregate limit of sales for redundant or non-material assets from \$1.0 million to \$6.0 million and authorization for KMC, with the approval of the Monitor, Interim Lenders, Secured Lenders, the Klemke Foundation, and any other applicable secured creditor whose rights may be directly impacted by the sale (as determined by the Monitor), to remove any Property or Business from the SISP and proceed to sell the same to a third party if KMC receives an unconditional offer to purchase (“**Pre-Emptive Sale**”); and
 - (c) A sealing order (the “**Sealing Order**”) in respect of the Confidential Affidavit which contains economically sensitive valuation information with respect to KMC’s Property that could harm the SISP process if disclosed.
5. This report (“**Report**” or “**First Report**”) is being delivered in connection with the application currently scheduled to be heard on January 20, 2025 (the “**Comeback Hearing**”), KMC is seeking three Orders from the Court:
- (a) An amended and restated Initial Order (the “**Amended and Restated Initial Order**”):
 - i. Extending the Stay Period up to and including June 16, 2025;

- ii. Granting a fourth-ranking charge against KMC's Property for a key employee retention plan (the "**KERP**"); and
 - iii. Such further and other relief as may be sought by KMC in connection with the Comeback Hearing;
- (b) A process to return leased equipment Order (the "**Leased Equipment Return Process Order**"), approving a process for the return of certain equipment leased by KMC which KMC has determined has no available surplus equity; and
 - (c) A sealing order ("**Sealing Order**") sealing the confidential supplementary affidavit of Bryn Jones sworn January 14, 2025 (the "**Second Confidential Affidavit**").
6. This Report should be read in conjunction with the Affidavit of Bryn Jones sworn on January 14, 2025 (the "**Second Jones Affidavit**") which provides further background information concerning the CCAA Proceedings and the Proposed Monitor's Report (as defined below).
7. Electronic copies of all materials filed by KMC in connection with the Comeback Hearing and other statutory materials are available on the Monitor's website at: <http://cfcanada.fticonsulting.com/KMCMining> (the "**Website**").

PURPOSE

8. The Monitor has reviewed the application materials filed by the KMC in support of the Comeback Hearing. The purpose of this Report is to provide this Honourable Court and KMC's stakeholders with information and the Monitor's comments with respect to the following:

- (a) The activities of the Monitor since its report dated January 2, 2025 (the “**Proposed Monitor’s Report**”);
- (b) KMC’s request for a KERP and a charge securing the obligation under the KERP (the “**KERP Charge**”);
- (c) KMC’s proposed process for the return of certain equipment leased by KMC which KMC has determined has no available equity;
- (d) The cash flow variance results for the two-week period ending January 11, 2025;
- (e) An overview of KMC’s’ revised cash flow statement (the “**Second Cash Flow Statement**”) for the 23-week period ending June 21, 2025 (the “**Forecast Period**”) as well as the key assumptions on which the Second Cash Flow Statement is based on; and
- (f) The Monitor’s conclusions and recommendations with respect to the application for the Amended and Restated Initial Order, the Leased Equipment Return Process Order and the Sealing Order.

TERMS OF REFERENCE

- 9. In preparing this Report, the Monitor has relied upon unaudited financial information, other information available to the Monitor and, where appropriate, KMC’s books and records and discussions with various parties (collectively, the “**Information**”).
- 10. Except as described in this Report:

- (a) The Monitor has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would comply with Generally Accepted Assurance Standards pursuant to the *Chartered Professional Accountants of Canada Handbook*;
 - (b) The Monitor has not examined or reviewed financial forecasts and projections referred to in this report in a manner that would comply with the procedures described in the *Chartered Professional Accountants of Canada Handbook*; and
 - (c) Future oriented financial information reported or relied on in preparing this Report is based on assumptions regarding future events; actual results may vary from forecast and such variations may be material.
11. The Monitor has prepared this Report in connection with the Comeback Hearing. This Report should not be relied on for other purposes.
12. Information and advice described in this Report that has been provided to the Monitor by its legal counsel, MLT Aikins LLP (the “**Monitor’s Counsel**”) and was provided to assist the Monitor in considering its course of action, is not intended as legal or other advice to, and may not be relied upon by, any other person.
13. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian Dollars. Capitalized terms used but not defined herein are given the meaning ascribed to them in the Klemke Affidavit, the Jones Affidavit or the Second Jones Affidavit.

BACKGROUND

14. Detailed information with respect to KMC’s business, operations and causes of financial difficulty are described in the Klemke Affidavit and Jones Affidavit. The information contained in this Report provides a summary of KMC’s business and affairs.

15. Additional background information on KMC and the CCAA Proceedings is available on the Monitor's Website, including the Second Jones Affidavit.

ACTIVITIES OF THE MONITOR

16. The Monitor's activities since the date of the Proposed Monitor's Pre-Filing Report include the following, among other things:
- (a) Reviewed KMC's receipts and disbursements and monitored the Company's performance relative to its cash flow forecast;
 - (b) Assisting KMC in preparing the Second Cash Flow Statement;
 - (c) Reviewed and assisted KMC and the Sales Agent in preparing documents and materials in relation to launching the SISP;
 - (d) Reviewed the proposed KERP;
 - (e) Assisted KMC in determining the appropriate treatment and process for the return of leased equipment with no equity;
 - (f) Responding to inquiries from stakeholders, supplier and creditors who contacted the Monitor; and
 - (g) Preparing this Report.

CASH FLOW VARIANCE ANALYSIS

17. KMC, in consultation with the Monitor, prepared the cash flow statements for the CCAA Proceedings (the "**CCAA Cash Flow Statement**") which was appended to the Proposed Monitor's Pre-Filing Report.

18. KMC's actual cash flows as compared to those contained in the CCAA Cash Flow Statement for the two-week period of December 29, 2024 to January 11, 2025, are summarized below:

Cash Flow Variance Analysis			
Two Week Period Ended January 11, 2025			
('000s)	Actual	Forecast	Variance
Receipts			
Customers	\$ 820	\$ 677	\$ 142
Asset Sales	188	-	188
Misc Receipts	21	-	21
Total Receipts	1,029	677	351
Operating Disbursements			
Staff Labour	(214)	(232)	19
Union Labour	(402)	(282)	(119)
Utilities	(14)	(0)	(14)
Operations	(194)	(270)	76
Fuel	(2)	(45)	43
Rent / Property Tax	(37)	(35)	(2)
Bank Fees	(1)	-	(1)
Other Capital Lease Payments	(67)	(78)	11
Operating Deposits	(79)	-	(79)
Total Operating Disbursements	(1,009)	(943)	(65)
Financing			
Interim Financing Interest	-	(11)	11
Total Disbursements	(1,009)	(955)	(54)
Net Cash Flow	20	(277)	297
Beginning Cash	400	400	-
Ending Cash, before DIP	\$ 420	\$ 123	\$ 297
Interim Financing			
Draws (Max 6MM)	\$ 3,000	\$ 3,000	\$ -
Repayments	-	-	-
Cumulative DIP	3,000	3,000	-
Ending Cash, after DIP	\$ 3,420	\$ 3,123	\$ 297

- (a) Receipts are approximately \$351,000 higher than forecast mainly due to:
- i. Timing differences from Customer receipts of approximately \$142,000 due to payments from Suncor that were withheld over the holiday break; and

- ii. \$188,000 positive variance from the additional sale of light duty trucks not previously forecasted; and
 - (b) Operating Disbursements are aligned with the forecast for the two-week period, no significant variances noted.
19. As at January 11, 2025, KMC had approximately \$420,000 cash on hand before consideration of the cumulative amount drawn on the Interim Financing Charge.
20. After consideration of the \$3.0 million cumulative draw on the Interim Financing Charge, KMC has \$3.4 million cash on hand as at January 11, 2025.

CASH FLOW STATEMENT

21. KMC, in consultation with the Monitor, has prepared the Second Cash Flow Statement to estimate the liquidity for the Forecast Period, a summary of which is presented below and attached hereto as Appendix “A”.

('000s)	Forecast Period
Receipts	
Customers	\$ 13,998
Total Receipts	13,998
Operating Disbursements	
Staff Labour	(1,783)
Union Labour	(3,515)
Utilities	(266)
Operations	(3,083)
Fuel	(291)
Rent / Property Tax	(180)
CRA Remittance	(246)
Insurance	(1,758)
Professional Fees	(1,050)
Komatsu Capital Lease Payments	(3,558)
Other Capital Lease Payments	(365)
Contingency	(688)
Total Operating Disbursements	(16,782)
Financing	
DIP Fees	(150)
Interim Financing Interest	(169)
Total Disbursements	(17,100)
Net Cash Flow	(3,102)
Beginning Cash	420
Ending Cash, before DIP	\$ (2,682)
Interim Financing	
Opening DIP Draw	\$ 3,000
Draws	1,000
Repayments	-
Cumulative DIP Drawn	4,000
Ending Cash, after DIP	\$ 1,318

22. The Second Cash Flow Statement is based on the following key assumptions:

- (a) Cash receipts of approximately \$14.0 million primarily relate to the collection of sales related to current ongoing projects for Suncor;

- (b) Operating cash disbursements of approximately \$16.8 million primarily relate to ordinary course trade payments, insurance premiums, payroll and benefits, and other operating disbursements;
 - (c) Professional fees are forecast to be approximately \$1.1 million over the Forecast Period and include KMC's legal counsel, the Monitor, the Monitor's Counsel and the Sales Agent;
 - (d) Komatsu and Other Capital lease payments include lease payments for capital leased equipment that is currently being used in operations. There is an ongoing review of leases to determine which leases are true operating leases versus financing leases and if determined to be financing leases whether it is appropriate to pay financing lease payments throughout the proceedings. Discussions are ongoing between the Company and its various creditors. However, the Monitor understands that the Secured Lender (Bank syndicate) have raised concerns regarding financing lease payments being made post-filing for certain pieces of equipment being used by the Company but not for certain equipment being financed by the Secured Lender and also being used by the Company in operations. The Monitor intends to report further to this Court in the event the parties cannot come to a mutual agreement with respect to payment of the capital leases for the equipment that is being currently used by the Company;
 - (e) DIP Fees include the second tranche of the closing fee (\$150,000) due April 6, 2025 pursuant to the terms of the Interim Financing Term Sheet;
 - (f) Interest and standby fees of \$169,000 on the Interim Financing Charge; and
 - (g) A cumulative advance on the Interim Financing Charge of \$4.0 million.
23. Ending cash, after drawing \$4.0 million on the Interim Financing Charge, at the end of the Forecast Period is forecast to be approximately \$1.3 million.

AMOUNT AND PRIORITY OF THE KERP CHARGE

24. KMC is seeking the Court’s approval of the KERP. The KERP proposes a payment of up to a maximum aggregate amount of \$745,000 to nine employees and two executives (the “**KERP Employees**”).
25. The KERP is structured as follows:
- (a) Payments to the KERP Employees are split into two groups:
 - i. Group One: includes six employees and an aggregate amount of \$75,000, payable at the earlier of May 31, 2025, or their termination without cause; and
 - ii. Group Two: includes seven employees (four of which are also included in Group One) and the two executives and an aggregate amount of \$670,000. Payments to this group will be made under two tranches set on specific milestones:
 - Tranche 1: aggregate amount of \$230,000, payable upon completion of the SISP if gross sales proceeds from the sale of KMC owned equipment and inventory meets or exceeds the threshold of \$70.0 million. One executive and seven employees are included under this tranche; and
 - Tranche 2: aggregate amount of \$440,000, payable after final approval by the Court of a Plan of Arrangement of KMC’s creditors. Both executives and three employees are included in this tranche.
26. The Monitor has reviewed the KERP and is of the view that its terms are reasonable based on the following:

- (a) Given the specialized nature of KMC's Property, the extensive knowledge held by the KERP Employees with respect to KMC's equipment (and condition), business, and operations they are considered to be integral to the success of the SISP and obtaining the best value to the stakeholders;
- (b) The KERP employees are integral in the launching and completion of the SISP;
- (c) The Monitor, in consultation with the Interim Lenders, the Secured Lenders, and the Klemke Foundation, have reviewed the KERP Employees list and is satisfied that the list is appropriate, not unduly broad and includes the critical employees necessary to advance the SISP and the CCAA Proceedings;
- (d) The Monitor has consulted with the Interim Lenders, the Secured Lenders, and the Klemke Foundation regarding the nature and quantum of the KERP and understand that all are supportive; and
- (e) The Monitor considers the quantum and extent of the KERP are reasonable in the circumstances.

PROCESS FOR THE RETURN OF LEASED EQUIPMENT

- 27. Included in KMC's Property are a number of equipment leases for both heavy and light duty equipment ("**Leased Equipment**"). As of the date of this Report, the combined indebtedness owing by KMC on the Leased Equipment is approximately \$55.0 million.
- 28. KMC intends to include all Property in the SISP, including the Leased Equipment. In preparation to launch the SISP, KMC reviewed the listing of Leased Equipment to assess the equity value for each asset. For some of the Leased Equipment there may be little to no available equity for the benefit of KMC. In these instances, KMC may want to return the respective assets ("**Returnable Equipment**").

29. In order to deal with the Returnable Equipment in an orderly and fair fashion, KMC is seeking the Leased Equipment Return Process Order that outlines the process (the “**Equipment Return Process**”) for the return of certain of the leased equipment and for conducting an allocation of costs to Equipment Lessors (the below should be read in conjunction with the Second Jones Affidavit which contains further details around the proposed process):
- (a) KMC will provide written notice to the equipment lessors (“the **Equipment Lessors**”) of the Returnable Equipment they seek to return (the “**Equipment Return Notice**”);
 - (b) Upon receipt of the Equipment Return Notice, the Equipment Lessor will have five days to provide KMC with a payout statement (“**Payout Statement**”) in respect of each individual unit of Leased Equipment that KMC has requested to return;
 - (c) Within seven days of receiving the Payout Statement, the Monitor will decide if the Returnable Equipment is approved to be returned to the Equipment Lessor. To do so, the Monitor in consultation with the Monitor’s Counsel, will review the applicable lease(s), complete an independent security review, and review the Payout Statement;
 - (d) If approved, the Monitor will provide written notice to both KMC and the Equipment Lessor (“**Monitor’s Approval Notice**”), indicating which of the Returnable Equipment is approved for return to the Equipment Lessor and any costs which KMC, in consultation with the Monitor, determine payable by the Equipment Lessor to release the Returnable Equipment. The Monitor’s Approval Notice is required to be issued before any Leased Equipment can be returned to the Equipment Lessor;

- (e) After receipt of the Monitor’s Approval Notice, the Equipment Lessor, at their sole cost and expense, will be responsible to demobilize and remove the Returnable Equipment;
 - (f) Once removed, the Equipment Lessor may sell or dispose (a “**Disposition**”) of the Returnable Equipment. If a Disposition is completed, the Equipment Lessor is required to provide a written accounting of the transaction to KMC and the Monitor in accordance with the provisions of the *Personal Property Security Act* (Alberta); and
 - (g) Any deficiency amount owing to the Equipment Lessor after the Disposition would become an unsecured claim against KMC. Any surplus amount is required to be remitted to KMC’s legal counsel or the Monitor to be held in trust pending further Order of this Honourable Court.
30. Regardless of receipt of a Monitor’s Approval Notice, an Equipment Lessor may elect to have any Leased Equipment remain in the SISP by providing written notice of this election to KMC and the Monitor (“**SISP Election**”).
31. At the completion of the SISP, all Equipment Lessors with Leased Equipment that remains in the SISP, whether by SISP Election or otherwise, will be subject to share in the costs of the CCAA Proceedings based on their pro rata share of gross sale proceeds as determined by the Monitor.

STAY EXTENSION

32. The Monitor has considered KMCs’ request to extend the Stay Period to June 16, 2025, and has the following comments:
- (a) There will be no material prejudice to KMCs’ creditors and stakeholders as a result of the proposed extension of the Stay Period;

- (b) The Second Cash Flow Statement indicates that KMC, with access to the Interim Financing Charge, will have sufficient liquidity to continue to fund operations and the cost of these CCAA Proceedings for the duration of the proposed extension of the Stay Period;
- (c) The length of the extension aligns with the time required to complete the SISP;
and
- (d) KMC have acted and are continuing to act in good faith and with due diligence.

CONCLUSIONS AND RECOMMENDATIONS

- 33. KMC and their management have acted and continue to act in good faith and with due diligence in taking steps to facilitate a restructuring of the business.
- 34. The Monitor is of the view that the relief sought by KMC pursuant to the proposed Amended and Restated Initial Order and Sealing Order is necessary, reasonable, appropriate and justified in the circumstances.
- 35. The Monitor recommends and supports the granting of the Leased Equipment Return Process Order.
- 36. Based on the foregoing, the Monitor supports the relief being sought by KMC and respectfully recommends that KMC's request for the proposed Amended and Restated Initial Order, Leased Equipment Return Process Order and Sealing Order be granted.

All of which is respectfully submitted this 17th day of January 2025.

FTI Consulting Canada Inc.
Licensed Insolvency Trustee
in its capacity as Monitor of
KMC Mining Corporation and not in its personal
or corporate capacity,



Name: Dustin Olver, CPA, CA, CIRP, LIT
Title: Senior Managing Director,
FTI Consulting Canada Inc.

Appendix “A” – Second Cash Flow Statement for the period- ending June 21, 2025

(000s)	Notes	Week 1 Jan-12	Week 2 Jan-19	Week 3 Jan-26	Week 4 Feb-02	Week 5 Feb-09	Week 6 Feb-16	Week 7 Feb-23	Week 8 Mar-02	Week 9 Mar-09	Week 10 Mar-16	Week 11 Mar-23	Week 12 Mar-30	Week 13 Apr-06	Week 14 Apr-13	Week 15 Apr-20	Week 16 Apr-27	Week 17 May-04	Week 18 May-11	Week 19 May-18	Week 20 May-25	Week 21 Jun-01	Week 22 Jun-08	Week 23 Jun-15	Forecast Period	
Receipts																										
Customers	1	\$ 143	\$ 822	\$ 792	\$ 668	\$ 860	\$ 724	\$ 891	\$ 746	\$ 891	\$ 737	\$ 715	\$ 715	\$ 715	\$ 756	\$ 425	\$ 425	\$ 425	\$ 425	\$ 425	\$ 425	\$ 425	\$ 425	\$ 425	\$ 425	\$ 13,998
Total Receipts		143	822	792	668	860	724	891	746	891	737	715	715	715	756	425	425	425	425	425	425	425	425	425	425	13,998
Operating Disbursements																										
Staff Labour	2	(101)	-	(132)	(46)	(96)	(46)	(152)	(46)	(96)	(46)	-	(198)	-	(142)	-	(152)	(46)	(96)	(46)	(152)	(46)	(96)	(46)	(1,783)	
Union Labour	3	(165)	(120)	(192)	(143)	(234)	(143)	(212)	(143)	(236)	(143)	(192)	(163)	(192)	(188)	(123)	(20)	(202)	(118)	(123)	(98)	(123)	(78)	(163)	(3,515)	
Utilities	4	(5)	(24)	(21)	(0)	(5)	(17)	(28)	(0)	(5)	(17)	(28)	-	(5)	(34)	(11)	-	(5)	(16)	(29)	-	(5)	(11)	(266)		
Operations	5	(143)	(45)	(225)	(107)	(149)	(98)	(318)	(147)	(151)	(121)	(96)	(334)	(144)	(89)	(114)	(338)	(25)	(80)	(25)	(204)	(26)	(80)	(25)	(3,083)	
Fuel	6	(5)	(13)	(13)	(13)	(13)	(13)	(13)	(13)	(14)	(14)	(14)	(13)	(13)	(13)	(13)	(13)	(13)	(13)	(13)	(13)	(13)	(13)	(13)	(291)	
Rent / Property Tax	7	-	-	(36)	-	-	-	(36)	-	-	-	-	(36)	-	-	-	(36)	-	-	-	(36)	-	-	-	(180)	
CRA Remittance	8	-	-	4	-	-	-	(100)	-	-	-	-	(50)	-	-	-	(50)	-	-	-	(50)	-	-	-	(246)	
Insurance	9	-	(856)	(180)	-	-	-	(180)	-	-	-	-	(180)	-	-	-	(180)	-	-	-	(180)	-	-	-	(1,758)	
Professional Fees	10	(61)	(349)	-	-	-	(160)	-	-	-	-	(160)	-	-	-	-	(160)	-	-	-	(160)	-	-	-	(1,050)	
Komatsu Capital Lease Payments	11	(217)	(451)	-	-	(217)	-	(451)	-	(217)	-	(451)	-	-	(217)	(451)	-	-	(217)	(451)	-	-	(217)	-	(3,558)	
Other Capital Lease Payments	12	(5)	-	(67)	-	(5)	-	(67)	-	(5)	-	(67)	-	(5)	-	(67)	-	-	(5)	-	(64)	(3)	(5)	-	(365)	
Contingency	14	-	(63)	(63)	(63)	(63)	(63)	(63)	(63)	(63)	(63)	(63)	(63)	-	-	-	-	-	-	-	-	-	-	-	(688)	
Total Operating Disbursements		(702)	(1,920)	(924)	(372)	(782)	(540)	(1,620)	(412)	(787)	(403)	(1,002)	(1,105)	(354)	(654)	(735)	(1,028)	(285)	(535)	(673)	(986)	(211)	(495)	(258)	(16,782)	
Financing																										
DIP Fees		-	-	-	-	-	-	-	-	-	-	-	-	(150)	-	-	-	-	-	-	-	-	-	-	-	(150)
Interim Financing Interest	15	-	-	(42)	-	-	-	(30)	-	-	-	(30)	-	-	-	-	(37)	-	-	-	(30)	-	-	-	-	(169)
Total Disbursements		(702)	(1,920)	(966)	(372)	(782)	(540)	(1,650)	(412)	(787)	(403)	(1,032)	(1,105)	(504)	(654)	(735)	(1,064)	(285)	(535)	(673)	(1,016)	(211)	(495)	(258)	(17,100)	
Net Cash Flow		(559)	(1,098)	(173)	296	77	183	(759)	333	104	334	(317)	(390)	211	102	(310)	(639)	140	(110)	(248)	(591)	214	(70)	167	(3,102)	
Beginning Cash		420	(139)	(1,237)	(1,410)	(1,113)	(1,036)	(853)	(1,612)	(1,278)	(1,174)	(840)	(1,157)	(1,547)	(1,337)	(1,235)	(1,545)	(2,184)	(2,044)	(2,154)	(2,402)	(2,993)	(2,779)	(2,849)	420	
Ending Cash, before DIP		\$ (139)	\$ (1,237)	\$ (1,410)	\$ (1,113)	\$ (1,036)	\$ (853)	\$ (1,612)	\$ (1,278)	\$ (1,174)	\$ (840)	\$ (1,157)	\$ (1,547)	\$ (1,337)	\$ (1,235)	\$ (1,545)	\$ (2,184)	\$ (2,044)	\$ (2,154)	\$ (2,402)	\$ (2,993)	\$ (2,779)	\$ (2,849)	\$ (2,682)	\$ (2,682)	
Interim Financing																										
Opening DIP Draw		\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000
Draws	16	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,000
Repayments		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cumulative DIP Drawn		3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	4,000	4,000	4,000	4,000	4,000	
Ending Cash, after DIP		\$ 2,861	\$ 1,763	\$ 1,590	\$ 1,887	\$ 1,964	\$ 2,147	\$ 1,388	\$ 1,722	\$ 1,826	\$ 2,160	\$ 1,843	\$ 1,453	\$ 1,663	\$ 1,765	\$ 1,455	\$ 816	\$ 956	\$ 846	\$ 598	\$ 1,007	\$ 1,221	\$ 1,151	\$ 1,318	\$ 1,318	

KMC Mining Corporation
Per: Bryn Jones, Chief Financial Officer

Notes:

Management of KMC Mining Corporation ("KMC") has prepared this Cash Flow Statement solely for the purposes of determining the liquidity requirements of the Company during the CCAA Proceedings. The Cash Flow Statements is based on probable and hypothetical assumptions detailed in the notes below. Consequently, actual results will likely vary due to actual performance and such variances may be material

- 1 Receipts from customers reflect expected collections from current Fort Hills project (six trucks operating) as well as smaller amounts from maintenance and ice logging contracts with Syncrude.
- 2 Staff Labour includes all salary and benefit costs relating to non-union employees of KMC. Also included are source deductions. Currently, KMC has 31 full-time, non-union employees.
- 3 Union Labour includes all wages and benefit costs relating to union employees of KMC. Also included are source deductions for these employees. KMC has 30 unionized employees.
- 4 Utilities relate to head office and site utility costs.
- 5 Operations includes costs for direct service providers, management services, and operating vendors.
- 6 Fuel costs relate to required fuel expenses in the field to run projects.
- 7 Rent and property tax relate to costs for rental premises on Syncrude Site, as well as the corporate head office and shop.
- 8 CRA Remittance reflects GST remittances payable. GST remittances are current.
- 9 Insurance relates to insurance financing installment due in December. Policy was renewed December 1, 2024 for the upcoming year.
- 10 Professional fees includes the Applicants' legal counsel, the Monitor, the Monitor's Counsel and the Sales Agent.
- 11 Komatsu Capital Lease payments relate to the three leased 930 trucks that are currently in operation at the Fort Hills site.
- 12 Other Capital Leases relate to light trucks and other smaller assets required for day to day operations.
- 13 Operating Deposits is an estimated amount payable for pre-payment deposits to operators or vendors.
- 14 Contingency is managements estimate for potential issues that may arise throughout the process.
- 15 Interim Financing Interest calculated based on the Debtor-in-Possession Term Sheet.