

COURT FILE NO. 2503 00016

COURT Court of King's Bench of Alberta

JUDICIAL CENTRE Edmonton

Clerk's Stamp

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, RSC
1985, c C-36, AS AMENDED

AND IN THE MATTER OF **KMC MINING CORPORATION**

DOCUMENT **APPLICATION – Extend Stay of Proceedings**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	DARREN R. BIEGANEK, KC/ ZACHARY SOPROVICH Barrister & Solicitor Phone: 780.441.4386 Fax: 780.428.9683 Email: dbieganeke@dcllp.com	File # 204-219113 DUNCAN CRAIG LLP LAWYERS MEDIATORS 2800 Rice Howard Place 10060 Jasper Avenue Edmonton, Alberta T5J 3V9
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NOTICE TO THE RESPONDENT(S)

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

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

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

Date	May 23, 2025
Time	10:00 a.m.
Where	https://albertacourts.webex.com/meet/virtual.courtroom86
Before Whom	Justice L.K. Harris

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

Remedy claimed or sought:

1. The Applicant seeks an Order:
 - (a) abridging time for service of notice of this Application or deeming service of the Application to be good and sufficient, as necessary; and
 - (b) extending the stay of proceedings ("**Stay Period**") as against the Applicant to and including July 31, 2025, in respect of all proceedings, rights and remedies against the Applicant including its respective businesses and property, or the Monitor;
2. Such further and other relief as the circumstances may require and the Court deems appropriate.

Grounds from making this application:CCAA Proceedings and Current Stay Period

3. On January 10, 2025, an Initial Order pursuant to section 11 of the *Companies' Creditors Arrangement Act*, RSC 1985, c C-26, as amended (the "**CCAA**") was granted by the Honourable Justice M.J. Lema in respect of the Applicant, and which included a Stay Period to and including January 20, 2025. FTI Consulting Canada Inc. ("**FTI**") is the Monitor within these CCAA proceedings ("**Monitor**").
4. On January 20, 2025, the Honourable Justice J.T. Neilson granted an amended and restated initial order ("**Amended and Restated Initial Order**" or "**ARIO**") which extended the Stay Period to and including June 16, 2025.
5. The Applicant has, at all times, acted with good faith and due diligence.

Sale of KMC Assets and Equipment

6. Pursuant to the sales and investment solicitation process ("**SISP**") as approved by the Court on January 10, 2025, the marketing period was launched by the sales agent, Ernst & Young Orenda Corporate Finance Inc and Ernst & Young Corporate Finance (Canada) Inc. (the "**Sales Agent**").
7. The Phase II bid deadline was March 28, 2025, at 12:00 p.m. Mountain Time.
8. The only party providing a deposit in accordance with the requirements of the SISP was 2122256 Alberta Ltd o/a Heavy Metal Equipment & Rentals (the "**Purchaser**"), who made the *en bloc* offer for substantially all of the assets and executed an Asset Purchase Agreement in respect of same (the "**Transaction**").
9. While the purchase price of the assets was insufficient to retire the indebtedness to KMC's primary secured lender (the Syndicate) or repay in full the amounts owing to equipment lessors, KMC determined that the Purchaser's offer represented the greatest return for stakeholders at present time.
10. On April 17, 2025, the Court granted a Sale Approval and Vesting Order, which approved the Transaction.

11. No party opposed the Transaction. The Transaction had the support of the Syndicate, various equipment lessors whose equipment was included in the Transaction and the Monitor.
12. The Transaction closed on May 2, 2025 and generated sale proceeds in excess of \$100 Million.

Current Operations

13. As of April 4, 2025, KMC employed 92 full-time employees or subcontractors, of which 14 are located at its head office in Edmonton, Alberta, 40 on a labour supply project in British Columbia, and 38 field employees working in Fort McMurray or a field office location maintained there.
14. At present time, and since the Transaction has closed and most of KMC's current operations have been wound down, or are in the process of being wound down, KMC has approximately 10 employees in Edmonton and approximately 35 on a labour and supply contract in British Columbia.
15. Other than the winding down of operations after closing of the Transaction, KMC does have in place a purchase order with Hudbay Minerals at its copper mountain mine in British Columbia to supply equipment operators to the site.

Stay of Proceedings Extension and Suncor Claims

16. The circumstances necessitating these CCAA proceedings arose due to several factors, though chief among those factors being the sudden and unexpected cancellation of substantial scopes of work under contracts between KMC and Suncor Energy Inc. ("**Suncor**") or affiliates.
17. Prior to these CCAA proceedings, Suncor was KMC's most significant, if not only, customer. KMC had been providing contracting mining services to Suncor for several decades.
18. The vast majority of KMC's debt obligations were incurred to support and facilitate work KMC contracted to perform for Suncor under various agreements.
19. Suncor abruptly cancelled various work with KMC, without known cause.
20. With the Transaction closed and the majority of KMC operations winding down, KMC has asked its legal counsel to fully evaluate potential claims against Suncor for, *inter alia*, the cancellations of work. That review and evaluation is ongoing.
21. The brief extension of the Stay Period to July 31, 2025 is for the primary purpose of determining pertinent next steps of potential claims against Suncor.

Summary

22. KMC continues to, as it has throughout these entire proceedings, act in good faith and with due diligence.
23. All relief sought is appropriate in the circumstances and ought to be approved.
24. KMC is not aware of any creditor that would be materially prejudiced if the relief herein is granted.

25. Such further and other grounds as counsel for the Applicant may advise and this Honourable Court may permit.

Material or evidence to be relied on:

26. This Application and the Draft Order.
27. Affidavit of Daniel Klemke sworn May 9, 2025.
28. The previously filed Affidavits of Bryn Jones sworn in these proceedings, as necessary.
29. The Initial Order granted January 10, 2025 and the Amended and Restated Initial Order granted January 20, 2025.
30. Third Report of the Monitor dated May 2025, to be filed, and all prior Monitor's Reports filed in these proceedings.
31. Bench Brief of the Applicant.
32. Such further and other evidence as counsel may advise and this Honourable Court may permit.

Applicable Rules:

33. Rules 6.11(1)(f), 11.27 and 13.5 of the Alberta *Rules of Court*.
34. Such further and other Rules as counsel may advise and this Honourable Court may permit.

Applicable Acts and regulations:

35. *Companies' Creditors Arrangement Act*, RSC 1985, c C-36, as amended, and in particular sections 11, 11.02(2) and (3) thereof.
36. Such further and other Acts and regulations as counsel may advise and this Honourable Court may permit.

Any irregularity complained of or objection relied on:

37. N/A.

How the application is proposed to be heard or considered:

38. By way of Webex hearing before the Honourable Justice Harris.

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 give evidence in response to the application, you must reply by filing an affidavit or other evidence with the Court and serving a copy of that affidavit or other evidence on the Applicant(s) a reasonable time before the application is to be heard or considered.