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February 12, 2025

**KMC Mining Corporation
Process Letter for Submission of Phase I Bid
SISP dated January 10, 2025**

As you are aware, KMC Mining Corporation ("KMC") is operating under the provisions of an order granted in January 2025 by the Alberta Court of King's Bench pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36 ("CCAA" or the "CCAA Proceedings").

On behalf of KMC and pursuant to the terms of the Court approved sales and investment solicitation process ("SISP"), Ernst & Young Orenda Corporate Finance Inc., and Ernst & Young Corporate Finance (Canada) Inc. ("EY" or the "Sales Agent") with the supervision of the Monitor (FTI Consulting Canada Inc. ("FTI")), is soliciting interest in all of KMC's assets and business (the "Opportunity"). Capitalized terms used but not otherwise defined herein shall have the meanings given to them in the SISP Order.

To participate in the SISP, a non-binding letter of intent ("Phase I Bid") must be submitted to EY at the contacts noted on page 3 by **12:00pm MT on or before February 28, 2025 (the "Phase I Bid Deadline")**.

A Phase I Bid may take the form of an offer to acquire all, substantially all, or one or more individual pieces of KMC's assets. A Phase I Bid shall be considered a Qualified Phase I Bid if it complies with the guidelines outlined below (which have been extracted from the SISP). You are encouraged to review the SISP in detail.

Contents of a Non-Binding Phase I Bid

A submitted bid will be considered a Qualified Phase I Bid (a "Qualified Phase I Bid") only if it complies with all of the following:

1. It includes a description of the terms and conditions of the proposed transaction, including identification of:
 - i. the Business or Property proposed to be acquired;
 - ii. the liabilities of KMC proposed to be assumed;
 - iii. the purchase price for the Business or Property proposed to be acquired expressed in Canadian or United States dollars (the "Purchase Price");
 - iv. the effective date of the proposed transaction; and
 - v. the structure and financing of the proposed transaction;
2. It is not subject to a financing condition and it includes written evidence of the financial ability to consummate the proposed transaction that will allow the Sales Agent to make a reasonable determination as to the Qualified Phase I Bidder's financial and other capabilities to consummate the transaction contemplated by its Phase I Bid;
3. It contains a description of the conditions precedent and approvals required for a final and binding offer, including, without limitation, any anticipated corporate, security holder, internal or regulatory approvals required to close the transaction, an estimate of the anticipated time frame and any anticipated impediments for obtaining such approvals;
4. It contains an outline of any additional due diligence required to be conducted by the Qualified Phase I Bidder in order to submit a final and binding offer;

5. It fully discloses the identity of each person (including any person that controls such person) that will be directly or indirectly sponsoring or participating in the bid and the complete terms of any such participation;
6. It does not include any request for or entitlement to any break or termination fee, expense reimbursement or similar type of payment;
7. It contains such other information as may reasonably be requested by the Sales Agent; and
8. It is received by the Phase I Bid Deadline

Assessment of Phase I Bids

Following the Phase I Bid Deadline noted above, the Sales Agent will assess the bids received, in consultation with KMC and the Monitor, to determine which bids constitute Qualified Phase I Bids.

The Sales Agent in consultation with KMC and the Monitor may, in its sole discretion, waive compliance with any one or more of the requirements specified herein and deem such non-compliant bids to be Qualified Phase I Bids.

The Sales Agent may, in consultation with KMC and the Monitor, reject any Phase I Bid if it determines that such bid does not constitute a Qualified Phase I Bid, is otherwise inadequate or insufficient, or is otherwise contrary to the best interests of the estates of KMC, or any of its creditors or other stakeholders.

To the extent that a Phase I Bid is so determined by the Sales Agent to be a Qualified Phase I Bid, the corresponding Qualified Phase I Bidder (any such bidder, a "Phase II Bidder") shall be permitted to proceed to Phase II of the SISP. The Sales Agent shall notify each Qualified Phase I Bidder as to whether or not such person has been determined to be a Phase II Bidder.

Timelines

As soon as possible after the Phase I Bid deadline, Phase II Bidders will be asked to complete all required diligence or other analysis in order to submit a binding Phase II Bid by March 28, 2025.

"As Is, Where Is"

Any sale of the Business or Property will be on an "as is, where is" basis and without surviving representations or warranties of any kind, nature, or description by the Sales Agent, KMC or the Monitor or any of their respective affiliates, advisors, agents or representatives, except to the extent otherwise provided under a Definitive Agreement with a Successful Bidder executed and delivered by KMC.

Due Diligence

Neither the Sales Agent, the Monitor or KMC, nor any of their respective affiliates, advisors, agents or representatives make any representation or warranty as to the accuracy or completeness of any information furnished pursuant to these SISP Procedures, including, without limitation, information contained in the Teaser or in the virtual data room. By submitting your Phase I Bid, you acknowledge that you are relying solely upon your own independent investigation and evaluation of the Business or Property of KMC.

Confidentiality

Your continued investigation of the Opportunity and your submission of a Phase I Bid are governed by the terms of any Non-Disclosure Agreement (the "Non-Disclosure Agreement") entered into between you and KMC. In addition, all communications must be directed only to the Sales Agent and not to KMC or any of its customers, suppliers, employees or other third parties.



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If you do not wish to pursue your interest in the Opportunity, we request that you notify us accordingly as soon as possible, and destroy any information obtained from the virtual data room, and confirm in writing to KMC that you have done so in accordance with the terms of the Non-Disclosure Agreement.

No Obligation to Conclude a Transaction

KMC has no obligation to agree to conclude a sale or investment arising out of this SISP, and it reserves the right and unfettered discretion to reject any offer or other proposal made in connection with this SISP. In addition, at any time during this SISP, the Sales Agent, in consultation with the Monitor and KMC, may determine to amend, modify or terminate these SISP Procedures in whole or in part in respect of all or a part of the Property or Business, and shall provide notice of such a decision to all Qualified Phase I and Phase II Bidders.

For further information regarding the SISP Procedures, including the Phase I Bid Submission, assessment of Qualified Phase I Bids and subsequent process, please refer to Appendix A of the SISP on the Monitor's website which can be accessed at: [FTI Consulting - KMC Mining](#)

We appreciate your interest in this opportunity and look forward to receiving your Phase I Bid.

Sincerely,

**ERNST & YOUNG ORENDA CORPORATE FINANCE INC. and
ERNST & YOUNG CORPORATE FINANCE (CANADA) INC.**

*Ernst & Young Orenda
Corporate Finance Inc.*

Phase I Bid's should be delivered via email to:

**Ernst & Young Orenda Corporate Finance Inc., and
Ernst & Young Corporate Finance (Canada) Inc.**

2200, 215 2nd St SW
Calgary, Alberta, Canada
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