



CABINET FOR ECONOMIC DEVELOPMENT

Matthew G. Bevin
Governor

Old Capitol Annex
300 West Broadway
Frankfort, Kentucky 40601
ThinkKentucky.com

Terry R. Gill, Jr.
Secretary

April 13, 2017

CONFIDENTIAL

Mr. Craig Bouchard
Mr. John Preston
Mr. Christopher Schuh
Mr. Alan Lund
Mr. Michael Porter
Members of the Board of Directors
Braidy Industries, Inc.

RE: Project Derby Letter of Intent Regarding Investment of Fifteen Million Dollars
(\$15,000,000)

Gentlemen:

This letter of intent ("Letter") formalizes the mutual understanding of the Kentucky Cabinet for Economic Development (the "Cabinet") and Braidy Industries, Inc. (the "Company"), with regard to the proposed Company project in Greenup County, Kentucky, or one or more other locations within the Commonwealth of Kentucky (the "Commonwealth"). The following provisions evidence our respective intentions to proceed with negotiations with the objective of moving forward toward the execution of one or more definitive agreements regarding the Project (defined below).

The transactions contemplated in this Letter and any subsequent agreements are subject in all respects to the following terms and conditions:

Company Provisions

1. The Board of Directors of the Company will adopt a resolution approving:
 - (a) the location of the Company's proposed fully integrated aluminum rolling mill (the "Project") in Greenup County, Kentucky, or any other location within the Commonwealth selected by the Company, contingent upon the Company receiving approval of certain state economic development incentives; and

- (b) the raising of additional capital and the incurrence of debt in an aggregate amount that will enable the Company to invest not less than One Billion Dollars (\$1,000,000,000) in the construction and equipping of the Project.
2. The Project will create up to 500 new, full-time positions within five (5) years.
3. The Company will pay an average hourly wage of Thirty-Five Dollars (\$35.00) including benefits to the new, full-time employees.
4. The Company will make a capital investment in the Project of at least One Billion Dollars (\$1,000,000,000), with construction to begin no later than December 31, 2017.
5. The Company will have provided to the Cabinet a detailed business plan that includes a description of the proposed business, financial forecasts, contemplated customer list, and proposed equipment and intellectual property needs. The business plan shall include a description of the amount of capital and debt required to be obtained by the Company in order to invest at least One Billion Dollars (\$1,000,000,000) in the construction and equipping of the Project at a location in the Commonwealth selected by Braidy.

Cabinet Provisions

1. Through an application and approval process, the Cabinet will recommend that, based upon the Project parameters above, the Kentucky Economic Development Finance Authority ("KEDFA") transfer Fifteen Million Dollars (\$15,000,000) to the Kentucky Economic Development Partnership to facilitate the Project.
2. Through an application and approval process, the Cabinet will recommend that, based upon the Project parameters above, the Kentucky Economic Development Partnership transfer the Fifteen Million Dollars (\$15,000,000) it received from KEDFA to Commonwealth Seed Capital, LLC ("CSC"), as a capital contribution with the limitation that it only be invested in companies making a private sector investment of not less than One Billion Dollars (\$1,000,000,000) in one or more locations in the Commonwealth.
3. The Cabinet and CSC will have conducted the legal, business, and financial due diligence reviews of the Project each considers necessary, the results of which will be materially consistent with the Company's representations and warranties regarding such matters. With appropriate cooperation of the Company, this due diligence process is expected to be completed by May 10, 2017.
4. Through an application and approval process, the Cabinet will recommend that, based upon the Project parameters above, CSC invest Fifteen Million Dollars (\$15,000,000) in the Series A-1 Preferred Stock of the Company subject to the terms and conditions of this Letter.

5. The Cabinet will recommend and work toward approval of other economic development incentives as outlined in the Executive Summary provided to Mr. Bouchard on April 7, 2017.

Investment Provisions

1. In the event that the Company does not invest at least One Billion Dollars (\$1,000,000,000) on or before June 30, 2020, in the construction and equipping of the Project at a location in the Commonwealth selected by the Company, CSC shall have the right at any time thereafter to cause the Company to redeem the Series A-1 Preferred Stock owned by CSC for an amount equal to the original purchase price of the Series A-1 Preferred Stock plus all declared but unpaid dividends thereon. This provision shall be incorporated into the agreement related to the stock purchase to be entered into between the Company and CSC.
2. CSC will make its investment in the Series A-1 Preferred Stock of the Company concurrently with the other purchasers of the initial shares of the Series A-1 Preferred Stock offered by the Company, but in no event prior to the date that all required approvals to the proposed investment by CSC outlined in this Letter have been obtained.
3. All of the documents to be executed by CSC in connection with its proposed investment in the Series A-1 Preferred Stock of the Company will contain standard terms and conditions for a transaction of the scope contemplated by the Company and will be satisfactory to CSC and its counsel in their reasonable judgment. The Company shall be obligated to satisfy all legal requirements with respect to its offering of the Series A-1 Preferred Stock other than the approvals required to be obtained by CSC in connection with its investment in the Series A-1 Preferred Stock.

Confidentiality

Subject to CSC's obligations under Kentucky's Open Records Act, the Company and CSC agree to keep the terms and conditions of this Letter and the negotiations between themselves completely confidential until CSC closes on its investment in the Series A-1 Preferred Stock. The Company and CSC will coordinate on, and mutually agree to, any press release issued that announces the investment by CSC in the Series A-1 Preferred Stock of the Company.

This Letter is not intended to create or constitute any legally binding obligations between the parties, but is intended to serve as the basis for negotiating one or more final written agreements necessary to consummate the transactions contemplated herein. The Letter does not contain all matters upon which agreement must be reached, but is intended solely as an outline of certain material terms. The parties will not be bound to any agreements unless and until each party reviews, approves, and executes one or more final and definitive written agreements.

Except for the confidentiality provision contained herein, this Letter terminates at the earlier of (1) the delivery of written notice of termination to the other party; or (2) June 30, 2018.

The parties understand that the receipt of inducements and incentives are contingent upon various factors, including but not limited to, the final applications submitted by the Company and approval by the appropriate boards, committees, and local governing authorities. In addition, the Cabinet and the Company intend that final and definitive tax incentive or other agreements will be put in place for these incentives upon approval of the appropriate entities.

The undersigned acknowledge that the foregoing general terms are acceptable as of the date executed.


KENTUCKY CABINET FOR ECONOMIC DEVELOPMENT ("Cabinet")

By:  _____

Printed Name: Terry R. Gill, Jr.

Title: Cabinet Secretary

Date: 4.13.17

BRAIDY INDUSTRIES, INC. ("Company")

By:  _____

Printed Name: _____

Title: CEO

Date: _____


