



This is the 1st affidavit
of Naishun Liu in this case
and was made on May 31, 2022

No. **S-224444**
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

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 AND ARRANGEMENT OF CANADIAN
DEHUA INTERNATIONAL MINES GROUP INC.

PETITIONER

AFFIDAVIT

I, Naishun Liu of Suite 202 - 2232 West 41st Avenue, Vancouver, businessman, AFFIRM
THAT:

1. I am the Director of Canadian Dehua International Mines Group Inc. ("CDI" or "Defendant"), and as such have personal knowledge of the facts and matters hereinafter deposed to save and except where the same are stated to be made upon information and belief and where so stated, I verily believe them to be true.
2. This affidavit is made in support of a petition (the "Petition") by the Petitioner for an initial order (the "Initial Order") under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA"), to facilitate a restructuring of the business and assets of the Petitioner. If the Initial Order is granted, this affidavit will also provide background for the comeback hearing on or about June 13, 2022 (the "Comeback Hearing").
3. All amounts are in Canadian dollars unless otherwise indicated.

4. I am authorized to make this Affidavit on behalf of the Petitioner and the Petitioner has authorized the filing of the Petition.
5. For the reasons set out herein, I verily believe that the Petitioner is insolvent and is an entity to which the CCAA applies.

BACKGROUND

6. The Petitioner, Canadian Dehua International Mines Group Inc. ("**CDI**") is a company incorporated pursuant to the laws of British Columbia.
7. CDI is a company that invests in, and operates, mining assets in British Columbia and elsewhere.
8. CDI was incorporated in 2004 in order to develop underground core mining properties.
9. CDI primarily cooperated on mining projects with major Chinese mining companies and steel factories as partners. However, for various reasons a number of the projects did not proceed as planned. This has resulted in significant debt and limited revenue while CDI finds new buyers and develops new mining projects.

Corporate Structure

10. CDI holds a portfolio of mining rights and interests in a number of mining companies.
11. Specifically, CDI wholly owns three mining project or services companies:
 - (a) Wapiti Coking Coal Mines Corporation ("**WCCM**");
 - (b) Canada Dehua Drilling Ltd. ("**CDD**"); and
 - (c) Canadian Bullmoose Mines ("**CBM**", and collectively with WCCM and CDD, the "**Wholly Owned Companies**")
12. In addition to the Wholly Owned Companies, CDI has a partial ownership interest in the following mining companies:
 - (a) Canadian Kailuan Dehua Mines Co., Ltd. ("**CKD**");
 - (b) Canadian Dehua Lvliang Corp. ("**CDLV**") who holds a 40% interest in HD Mining International Ltd. ("**HDMI**"); and

(c) Vancouver Island Iron Ore Corporation (“**VIIO**”, and collectively with CKD, CDLV, and HDMI, the “**Investment Companies**”)

13. In addition to the Wholly Owned Companies and the Investment Companies, CDI has an interest in the mining project Iron Ross.

Corporate Management

14. I am currently the sole director and officer of CDI. Attached hereto and marked as **Exhibit “A”** is a true copy of the BC Corporate Search for CDI.

15. I have approximately 20 years experience in mining exploration and development and have developed a significant network of business relationships over that time.

16. CDI has two shareholders with 50% interest, myself and Qubo Liu.

Employees

17. CDI has two employees in British Columbia. CDI’s employees have not been paid since February 2022 due to cash flow concerns. All source deductions to February 2022 are current.

CURRENT FINANCIAL CIRCUMSTANCES

18. Attached hereto and marked as **Exhibit “B”** is a true copy of CDI’s unaudited financial statements for the year ending March 31, 2021.

19. As at March 31, 2021, CDI has \$106,721,494 in unsecured debt and no secured creditors.

20. In the fiscal years ending March 31, 2020 and 2021, CDI has had annual losses totalling \$12,825,462.

21. CDI has annual operating expenses totalling \$1,302,621.

22. CDI is owed \$410,693 from related companies.

23. As at March 31, 2021, CDI had assets with a book value of \$93,771,032.

24. CDI's main mining assets have not yet gone into production. It is expected that these assets will begin production with the next couple of years and they will require further capitalization to reach production.
25. As a result of longer than expected project development timelines, and a number of unfavourable judgments and arbitration decisions relating to various mining projects and ventures, CDI has a number of significant creditors who are currently seeking to enforce against CDI's assets.
26. Exacerbating the financial circumstances, CDI has almost no cash (\$2,312) and poor liquidity generally.
27. I am aware of over \$106 million in unsecured claims that I expect will be made against CDI, including, but not limited to the following approximate amounts:

Zhonghe Canada Zhonghe Investment Ltd. ("Zhonghe")	\$ 5,200,000;
China Shougang International Trade & Engineer Corporation ("Shougang International")	\$ 20,800,000;
Feicheng Mining Group Company Limited ("Feikuang")	\$ 63,000,000;
Canadian Dehua Lv Liang International Mines Corp. ("CDLV")	\$ 15,000,000;
HBIS Group International Co., Ltd. ("HBIS")	\$ 2,410,000;
Canada Revenue Agency	\$ 450,000;
Approximate Total	\$106,860,000

28. CDI was indebted to my family for various shareholder loans in the amount of \$1,734,093 as at March 31, 2021. There have been approximately \$250,000 in additional shareholder loans from myself or Qubo Liu since March 31, 2021.
29. Despite my best efforts, it is apparent that the Petitioner will be unable to resolve its liquidity issues and repay its creditors without creditor protection.
30. As illustrated in the 14 week cash flow statement for the period ending August 29, 2022 (the "**Cash-Flow Statement**"), which was prepared in consultation with the Proposed

Monitor (defined below), the Petitioner requires immediate liquidity and investments. Without the contemplated interim financing, discussed in detail below, the Petitioner will not be able to continue operations. Now shown to me and attached as **Exhibit "C"** is a copy of the Cash-Flow Statement.

CCAA RELIEF AND THE INSOLVENCY OF THE PETITIONER

31. The Petitioner is currently in a liquidity and debt crisis, which has made it necessary for the Petitioner to pursue refinancing, restructuring efforts, as well as a potential sale of some or all of the Petitioner's assets, or a combination thereof.
32. Two of CDI's unsecured creditors, Zhonghe and Shougang International, have been active in pursuing their claims against CDI and have made this CCAA filing necessary.
33. The relationships between CDI, Shougang International and Zhonghe are complex and involve more than one transaction and project.

CKD JDA

34. On October 18, 2010, Zhonghe, CDI, and Shougang Canada, an affiliate of Shougang International, entered into a Joint Development Agreement (the "**CKD JDA**"). Attached hereto and marked as **Exhibit "D"** is a true copy of a translation of the CKD JDA.
35. Under the CKD JDA, CDI would invest its ownership interest in certain coal mine property in the Northeast of the Province of British Columbia (the "**Gething Coal Project**") and Zhonghe and Shougang Canada would invest capital into a company called Canadian Kailuan Dehua Mines Co., Ltd. ("**CKD**").
36. The shareholding interests in CKD after the CKD JDA was entered would be:
 - (a) Zhonghe at 51% common shares,
 - (b) Shougang Canada 25% common shares; and
 - (c) CDI 24% common shares;
37. In 2012, when CDI made a tax election related to the transfer of the Gething Coal Project assets into CKD, it was agreed between CDI and CKD that CDI would indemnify CKD for tax losses (if any) related to this transfer (the "**Contingent Tax Indemnity**").

38. Ten years passed since the Contingent Tax Indemnity was executed and no tax losses have arisen which would trigger the Contingent Tax Indemnity.
39. In 2016, four years after the Contingent Tax Indemnity was entered, CKD purported to link a security interest over CDI's shares in CKD (not over other assets of CDI) in favour of CKD to secure the Contingent Tax Indemnity. CKD registered a financing statement concerning this purported security interest in the Personal Property Registry (the "PPR"). Attached hereto and marked as **Exhibit "E"** is a true copy of the PPR search results for CDI.
40. The intent of the CKD JDA was development of the Gething Coal Project to the benefit of Shougang, Zhonghe and CDI.
41. As at December 31, 2021:
 - (a) CKD held \$51,868,349.37 of cash in various banks;
 - (b) CKD's total assets were valued at \$127,904,996.07;
 - (c) CKD had liabilities of only \$19,494.13; and
 - (d) The shareholders' equity of CKD was \$127,885,501.94.
42. CKD and its substantial cash assets remain in the control of Zhonghe.
43. Despite protest by CDI, Zhonghe has not pursued the Gething Coal Project as agreed under the CKD JDA, and Zhonghe has used capital held by CKD for unrelated business projects which primarily benefit Zhonghe but also Shougang, including, importing motor vehicles into China for resale.

Bullmoose JVA

44. On May 25, 2011, a Joint Venture Agreement (the "**Bullmoose JVA**") was entered as between Zhonghe, CDI, HBIS Group International Co., Ltd. (formerly, Hebei Iron & Steel Group Co., Ltd., ("**HBIS**") certain coal mine property in the Province of British Columbia. Attached hereto and marked as **Exhibit "F"** is a true copy of a translation of the Bullmoose JVA.
45. The key terms of the Bullmoose JVA were that:

- (a) the three parties would form a joint venture company called Canadian Bullmoose Mines Co., Ltd. ("**Bullmoose**") with the shareholding interest in Bullmoose being Zhonghe at 51/100 (51%), HBIS 25/100 (25%) and CDI 24/100 (24%);
 - (b) Each party would contribute their proportionate share of the total capital contribution in the aggregate amount of US\$10 million, Zhonghe US\$5.1 million, HBIS US\$2.5 million, and CDI US\$2.4 million (the "**Bullmoose Capital Contribution**");
 - (c) Bullmoose would seek to determine the feasibility of certain coal mine property in the Province of British Columbia (the "**Bullmoose Mining Project**");
 - (d) Bullmoose would obtain a geological report for the Bullmoose Mining Project (the "**Geo Report**") and submit it to Zhonghe and HBIS;
 - (e) Zhonghe and HBIS were required to notify CDI, within one month of receipt of the Geo Report for Bullmoose whether each of them would enter into a Cooperative Development Agreement to proceed with the Bullmoose Mining Project, or alternatively seek return from CDI to Zhonghe and HBIS of an amount equal to their respective Bullmoose Capital Contribution (the "**Bullmoose Development Notification**");
 - (f) The performance and amendment of the Bullmoose JVA was governed by the laws of the People's Republic of China; and
 - (g) Any disputes which arose under the Bullmoose JVA, which could not be resolved first by negotiation between the parties, would be solved through arbitration by the China International Economic and Trade Commission in accordance with its arbitration rules.
46. On, or about, February 2, 2013, in accordance with the terms of the Bullmoose JVA, Zhonghe and HBIS obtained the Bullmoose Geo Report. Attached hereto and marked as **Exhibit "G"** is a copy of the Bullmoose Geo Report.
47. However, contrary to the terms of the Bullmoose JVA, CDI did not receive the Bullmoose Development Notification from Zhonghe or HBIS within one month of receipt of the Geo

Report submission. In fact, Zhonghe and HBIS have never provided the Bullmoose Development Notification to CDI under the Bullmoose JVA at any time.

48. Notwithstanding the failure to issue the Bullmoose Development Notification, Zhonghe and HBIS insisted upon return from CDI to Zhonghe of an amount equal to their respective Bullmoose Capital Contributions and asked for promissory notes from CDI for amounts which CDI did not have the cash on hand to pay.
49. The Zhonghe and HBIS Bull Moose requests to me were constant and at times desperate. I understood that if I refused this request and thereby forced the senior officers of Zhonghe and HBIS to acknowledge these missed deadlines under the Bull Moose JVA to their superiors in China that it would be personally quite difficult for them, with potential administrative or even criminal liability. Both companies are Chinese state owned.
50. On September 24, 2019, CDI executed a promissory note in favour of Zhonghe (the "**Zhonghe P-Note**") in the amount of US\$3,922,000 "as consideration in exchange for 3922000 Class A Common Voting shares in the capital of Canadian Bullmoose Mines Ltd. sold, assigned and transferred by the Holder [Zhonghe] to the Debtor [CDI]". CDI issued a similar promissory note to HBIS for a smaller amount. Attached hereto and marked as **Exhibit "H"** is a true copy of the Zhonghe P-Note and a translation.
51. However, CDI only agreed to the Zhonghe P-Note and HBIS promissory note on the condition that Zhonghe and HBIS would not actively pursue or enforce a payment (the "**Capital Account Payment Condition**") until CDI had to the funds available to make such payment.
52. Zhonghe did not return the Bullmoose shares to CDI in return for Zhonghe P-Note, did not take the matter to arbitration by the China International Economic and Trade Commission in accordance with the Bullmoose JVA and it did not honour the Capital Account Payment Condition.

The Zhonghe Litigation

53. On May 10, 2021, despite the Capital Account Payment Condition, Zhonghe commenced proceedings against CDI bearing Vancouver Registry Action No. S-214547 (the "**Zhonghe Action**") to enforce the Zhonghe P-Note without even mentioning the

Bullmoose Project or the Bullmoose JVA. Attached hereto and marked as **Exhibit "I"** is a true copy of the Notice of Civil Claim in the Zhonghe Action.

54. CDI did not seek legal advice on the Zhonghe Action and it was not defended by CDI.
55. On August 30, 2021, default judgment was obtained by Zhonghe in the amount of \$4,781,310.20 plus interest in the amount of \$495,946.31 for a total of \$5,277,256.51 together with costs to be assessed and post judgment interest (the "**Zhonghe Judgment**"). Attached hereto and marked as **Exhibit "J"** is a true copy of the Zhonghe Judgment.

Zhonghe CKD Share Seizure and Purported Sale

56. On September 10, 2021, Zhonghe was granted a Writ of Seizure and Sale in the Zhonghe Action (the "**Zhonghe Writ**"). Attached hereto and marked as **Exhibit "K"** is a true copy of the Zhonghe Writ of Seizure and Sale.
57. Zhonghe appointed Accurate Court Bailiff Services Ltd. ("**Accurate**") as bailiff and instructed Accurate to seize and sell CDI's shares in CKD.
58. As a result of a PPR search review Accurate thought the shares held by CDI in CKD might be subject to a security interest in favour of CKD (the "**CKD Potential Security Interest**").
59. On September 17, 2021, Accurate reached out directly to CKD to request:
 - (a) under section 18.2 (b) of the *Personal Property Security Act* a statement in writing of the amount of the indebtedness and of the terms of payment under the CKD Potential Security Interest; and
 - (b) permission to seize and sell the shares which CDI owned in CKD.
60. In response, despite Accurate's specific request, neither Zhonghe nor CKD appear to have provided or explained to Accurate:
 - (a) the amount of any indebtedness the CKD Potential Security Interest purported to secure; or

- (b) that the CKD Potential Security Interest purported to secure a Contingent Tax Indemnity where no tax losses had arisen which would trigger the Contingent Tax Indemnity for over 10 years.
61. Instead, CKD gave Accurate permission to seize CDI's shares in CKD, "provided that CKD's security interest remains registered against the shares"; (the "**CKD Seized Share Sale Consent**").
62. I have reviewed the Affidavit #2 of Peter Powers sworn in the Zhonghe Action from Accurate and defer to his direct knowledge of the circumstances of the marketing efforts Accurate CDI's shares in CKD as well as the auction (the "**Auction**") which was held at Accurate's offices in Burnaby on November 24, 2021 for the CKD shares. Attached hereto and marked as **Exhibit "L"** is a true copy of the Affidavit #2 of Peter Powers that I reviewed.
63. However, I understand from Accurate that the successful bidder at the Auction was Witcool Technology Co. Ltd. ("**Witcool**") for a purchase price of \$55,000.
64. CDI was not informed of the CKD Seized Share Sale Consent which was provided to Accurate despite CDI and Shougang Canada retaining rights to consent to any such sale, rights of first refusal for the shares, and the right to act as directors of CKD and under the CKD JDA. I have been advised, and verily believe, that Shougang Canada was also not advised of the Seized Share Sale Consent.
65. The value of CDI's interest in CKD is far more than the Witcool bid of \$55,000.
66. Based upon the CKD December 31, 2020, financial statements and the CKD 2021 Balance Sheet and Income Statement (collectively, the "**CKD Financials**") where CKD's share capital was approximately \$128 million CDI's shares in CKD should be valued in excess of \$30 million (24% of \$128 million). Attached hereto and marked as **Exhibit "M"** is a true copy of the CKD Financials.
67. Both CKD and Zhonghe had access to the CKD Financials and were aware that a sale of CDI's shares at \$55,000 to Witcool was well under value.
68. Despite this knowledge and the fact that \$55,000 would not have any real impact on paying down the Zhonghe Judgment of over \$5 million, Zhonghe still brought application

in the Zhonghe Action to try and approve this sale of CDI's shares CKD to Witcool at this absurdly low price.

69. When CDI was served with this share sale approval application it sought legal advice to engage with Zhonghe and find out from Accurate what took place leading up to and at the Auction. CDI has not been given notice of any further attempt to take steps to complete the share sale to Witcool.

Shougang Litigation

70. On August 23, 2019 an arbitrator in China awarded Shougang International a judgment in the amounts of \$15,750,000 USD and 1,334,768 yuan (combined to a Canadian dollar equivalent amount of \$20,826,789.80 as at the date of judgment), as against CDI (the "**Shougang Arbitration Award**").
71. The Shougang Arbitration Award related to the Wapiti coking coal project and return of \$10 million USD cooperation deposit made by Shougang in the project plus interest thereon.
72. On January 20, 2020, Shougang International commenced an action against CDI under Vancouver Registry Action No. S-200699 (the "**Shougang International Action**") in an effort to recognize the Shougang Arbitration Award.
73. As at January 21, 2021, Shougang International has been granted judgment in the amount of \$20.8 million against CDI in the Shougang International Action, in recognition of the Shougang Arbitration Award (the "**Shougang Judgment**"). Attached hereto and marked as **Exhibit "N"** is a true copy of the Shougang Judgment.

Shougang Bankruptcy Action

74. CDI had been hoping to utilize funds obtained in connection with its Wapiti Project and by selling its interest in the Murray River Project (both defined below) to be able to satisfy the Shougang Judgment. However, CDI was not able to do this prior to April 6, 2022.
75. On April 6, 2022, Shougang International commenced proceedings pursuant to the *Bankruptcy and Insolvency Act*, with a style of cause as "In The Matter of the Bankruptcy of Canadian Dehua International Mines Group Inc." and bearing Vancouver Court File

No. B-220142, Estate No. 11-254383 (the "**Bankruptcy Action**") wherein D. Manning and Associates Inc. (the "**Potential Trustee**") has consented to act as trustee in bankruptcy of CDI.

76. Both the Murray River Project and Wapiti Project have significant potential for return to CDI and its creditors.

The Murray River Project

77. The Murray River project involves the construction, operation and decommissioning of an underground coal mine and supporting infrastructure near Tumbler Ridge British Columbia (the "**Murray River Project**"). The Murray River Project would produce six million tonnes of metallurgic coal per year for an estimated life of 25 years.
78. CDI (indirectly holding 20.4%) and the Huiyong Holding Group (55%) are selling their interests in the Murray River Coal Property.
79. The buyer of these interests in the Murray River Project has been conducting its due diligence. The due diligence period is longer than usual because of delays caused by COVID-19, however if this deal closes, CDI would obtain cash sufficient to pay out Zhonghe and Shougang International. If this buyer does not complete, CDI will seek another buyer for its interest in the Murray River Project.

The Wapiti River Project

80. The Wapiti River coal project is a large-scale underground mine at the senior exploration stage which is also located near Tumbler Ridge, British Columbia (the "**Wapiti Project**").
81. There are parties who are interested in making a significant investment in the Wapiti Project at this time. One investor has substantially completed its detailed technical review, including review of the exploration records, geology reports and a feasibility study. It also met with the author of the feasibility study to discuss the Wapiti project. This investor is generally in favour of this project, and will report the business terms of the potential investment to its internal investment review committee. I am generally optimistic that it will obtain the necessary approval from its review committee. If this transaction is completed, CDI will be provided with a substantial

amount of cash that will be sufficient to pay off all of the debt claimed by Shougang International and Zhonghe.

The Bankruptcy Action Potential Impact on CDI's Assets

82. I am quite concerned that the Bankruptcy Action and any bankruptcy order granted therein will hinder maximum value being obtained in connection with CDI's assets, including the Wapiti and Murray River Projects.
83. I am concerned that even the commencement of this CCAA proceeding may have a negative impact upon recovery in these two key projects. However, with CDI in control of its own assets, CDI expects the chance of recovery is substantially better than if this was done by the Potential Trustee who does not understand CDI's business nor would they have the same business network.
84. Some of CDI's other assets also have significant value, but I am quite concerned that selling these assets in a bankruptcy will not result in fair market value being obtained. This is particularly so in the case of CDI's shares in CKD because:
- (a) CKD is closely held by Zhonghe and Shougang Canada, who are both state owned enterprises, and I don't think an independent arm's length purchaser could easily step into CDI's place and purchase these shares from the Proposed Trustee; and
 - (b) the CKD Potential Security Interest creates further uncertainty and will devalue the CDI shares in CKD unnecessarily unless there is some determination made of the validity of this security and the debt (if any) linked to the Contingent Tax Indemnity.
85. CDI also understands that the Bankruptcy Action will result in a levy payable to the government under the BIA in any liquidation of assets.
86. CDI seeks the orders set out above pursuant to the CCAA to not only continue the development of the mining projects through this period, but also attract investment through a Sales and Investment Solicitation Process ("**SISP**") to pay out CDI's creditors.

Anticipated Restructuring

87. Should the Initial Order be granted, CDI intends to address its insolvency through a number of steps including:
- (a) running a claims process whereby creditors' claims can be properly valued with legal oversight and the validity (if any) of the CKD Potential Security Interest could be ascertained;
 - (b) commencing the SISP, to be overseen by the proposed Monitor, that would seek to monetize core and non-core assets,
 - (c) finalizing interim financing arrangements in order to obtain much-needed short term liquidity,
 - (d) streamlining and focusing the go-forward operations of CDI, and
 - (e) pursuing discussions with potential financiers in order to secure long-term funding for the projects that may form the basis of CDI's go-forward business (subject to the SISP),

all under the supervision of the Court and with the assistance of the Proposed Monitor.

88. CDI requires a stay of proceedings to maintain the status quo and protect and preserve the value of its business for its benefit and the benefit of their creditors and stakeholders while restructuring its affairs and pursue a value maximizing sales and investment process.

Appointment of Monitor

89. FTI Consulting Canada Inc. ("FTI") has consented to act as Monitor in these proceedings.

Statutory Requirements of the CCAA

90. The Petitioner is an entity to which the CCAA applies and has debts in excess of \$5,000,000.
91. As set out above, the Petitioner is in the midst of a liquidity and debt crisis. CDI is insolvent on a cash flow basis and is unable to meet its obligations as they generally come due.

92. FTI (in this capacity, the "**Proposed Monitor**") is prepared to act as Court-appointed monitor should an Initial Order be obtained.
93. In consultation with the Proposed Monitor, the Petitioner has prepared the Cash-Flow Statement.
94. I have reviewed the Cash-Flow Statement with personnel from the Proposed Monitor and believe it is accurate. As evidenced by the Cash-Flow Statement, the Petitioner requires approximately \$350,000 in interim funding in order to meet its obligations through to the end of the Cash-Flow Statement period, being August 29, 2022.

Relief Requested

Stay of Proceedings

95. A stay of proceedings is essential to maintaining the status quo in order to preserve the value of the Petitioner's business, while providing time for the Petitioner to explore, with the assistance of the Proposed Monitor, restructuring opportunities that will provide sufficient capital to stabilize the Petitioner's operations or an orderly liquidation of certain assets, either of which offers a greater benefit to numerous stakeholders over a bankruptcy or forced liquidation.
96. The Petitioner anticipates returning to Court for to seek a stay extension, among other potential relief, on or about June 13, 2022, for the Comeback Hearing, and to obtain the amended and restated Initial Order.

Interim Financing

97. As mentioned, it is anticipated that during the Cash-Flow Statement Period, the Petitioner will require financing in an amount of \$350,000.
98. The Petitioner is working with the proposed Monitor, FTI to finalized debtor-in-possession financing (the "**DIP Facility**").
99. It is expected that the terms of the DIP Facility will require that any funds advanced be secured by a second-ranking charge (subordinate only to the proposed Administration Charge) secured against the property of the Petitioners in accordance with the terms of the Initial Order (the "**DIP Facility Charge**").

100. The DIP Facility and the DIP Facility Charge are necessary to facilitate the restructuring activities of the Petitioner in these CCAA proceedings, as access to the funds proposed to be advanced under the contemplated DIP Facility would enhance the prospect of a viable compromise or arrangement being made in respect of the Petitioner.
101. The Petitioner is working diligently with FTI with respect to securing a DIP facility.

Administration Charge

102. The Petitioner's legal counsel, the Proposed Monitor and the Proposed Monitor's legal counsel are essential to the Petitioner's restructuring. They have each advised that they are prepared to continue to provide professional services to the Petitioner if they are protected by a charge over the assets, property and undertakings of the Petitioner in priority to all other charges.
103. An administration charge of \$500,000 (the "**Administration Charge**") is proposed to rank first in priority to all other encumbrances, including all other Court-ordered charges and any security interests.
104. The Administration Charge will ensure that the Petitioner will retain access to the professionals whose expertise and knowledge is required to pursue a successful restructuring or liquidation under the CCAA. The Petitioner believes that the Administration Charge is necessary to ensure their important continued participation in this process, and is fair and reasonable in the circumstances.

Directors' and Officers' Charge

105. The Petitioner is also seeking a charge in favour of the Petitioner's directors and officers, including myself, over the Petitioner's assets, property, and undertakings, in priority to all other charges other than the Administration Charge, up to a maximum of \$200,000 (the "**D&O Charge**"), to indemnify the directors in respect of liabilities they may incur as directors or officers of the Petitioner in these proceedings.
106. A successful restructuring requires the continued participation of the Petitioner's directors and officers. I have specialized expertise, decades of experience in this and related industries, and key relationships with the Petitioner's stakeholders. I have

knowledge that cannot be easily replaced or replicated. CDI therefore believes that the D&O Charge is fair and reasonable in the circumstances

107. I would like certainty with respect to potential personal liability if I continue in my current capacity for the benefit of the Petitioner's stakeholders during the CCAA proceedings, and will benefit from the D&O Charge.

Priority Ranking of Charges

108. The Petitioner proposes that the charges it seeks be secured against its assets, properties and undertaking ranking in priority as follows:

(a) firstly, the Administration Charge; and

(b) secondly, the D&O Charge;

(collectively, the "**Charges**").

Monitor

109. I believe that the Proposed Monitor has acted as a monitor in this and other Canadian jurisdictions and is qualified and competent to act as a monitor in these proceedings. At no time in the past two years, has the Proposed Monitor or any of its partners or managers been any of the Petitioner's auditor, accountant or employee.

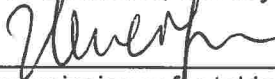
110. The Petitioner has requested the Proposed Monitor serve as monitor in these proceedings, to provide court supervision and to generally assist the Petitioner with its restructuring efforts, and the Proposed Monitor has advised the Petitioner that it is willing to act as Monitor, if appointed. Now shown to me and attached as **Exhibit "O"** is a copy of the consent to act as monitor provided by the Proposed Monitor dated May 30, 2022.

CONCLUSION AND URGENCY

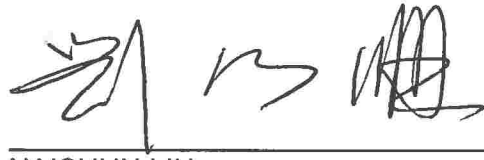
111. I swear this affidavit in support of the granting of an Initial Order for the Petitioner under the CCAA, including a stay of proceedings, for the purposes of providing the Petitioner with the opportunity to restructure its affairs or conduct an orderly liquidation of its assets.

- 112. The Petitioner requires the relief sought on an urgent basis due to their liquidity challenges and inability to pay creditors, as well as the pending Bankruptcy Action.
- 113. Without the stay of proceedings and other relief provided by the CCAA, the Petitioner will likely be forced into bankruptcy by the Bankruptcy Action. Completing a restructuring would benefit all of the Petitioner's stakeholders.
- 114. The Petitioner is seeking relief under the CCAA on short notice to preserve and stabilize its operations during the SISP, to prevent enforcement steps from being taken by its creditors, and to preserve the opportunity to restructure their business to offer the greatest benefit to numerous stakeholders.

AFFIRMED BEFORE ME at Vancouver,
British Columbia, on May 31, 2022.



A Commissioner for taking Affidavits for
British Columbia.



NAISHUN LIU

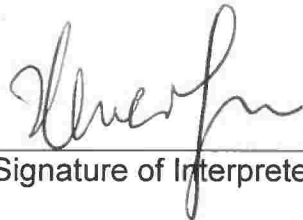
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ENDORSEMENT OF INTERPRETER

I, Weiguo He, of 666 Burrard Street, Suite 2800, Vancouver, British Columbia, Lawyer, certify that:

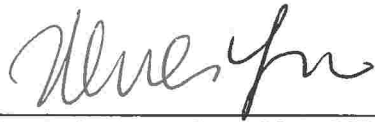
1. I have a knowledge of the English and Mandarin Chinese languages and I am competent to interpret from one to the other.
2. I am advised by the person swearing or affirming the affidavit and believe that the person swearing or affirming the affidavit understands the Mandarin Chinese language.
3. Before the affidavit on which this endorsement appears was made by the person swearing or affirming the affidavit I correctly interpreted it for the person swearing or affirming the affidavit from the English language into the Mandarin Chinese language and the person swearing or affirming the affidavit appeared to fully understand the contents.

May 31, 2022
Dated


Signature of Interpreter

WEIGUO HE
Barrister and Solicitor
DLA Piper (Canada) LLP
666 Burrard Street, Suite 2800
Vancouver, BC V6C 2Z7
604.643.6417

This is **Exhibit "A"** referred to in the
Affidavit of Naishun Liu sworn
before me at Vancouver, British Columbia
on this the 31 day of May, 2022.



A Commissioner for taking Affidavits for
British Columbia

WEIGUO HE
Barrister and Solicitor
DLA Piper (Canada) LLP
666 Burrard Street, Suite 2800
Vancouver, BC V6C 2Z7
604.643.6417



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April 11, 2022 3:54 PM

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Date and Time of Search: **April 11, 2022 3:54 PM Pacific Time**
 Currency Date: **December 23, 2021**
 Paper filings received at the Corporate Registry after the currency date may not have been filed.

Active

HELP ?

Number: **BC0712504**
 Name: **CANADIAN DEHUA INTERNATIONAL MINES GROUP INC.**
 Type: **BC Company**
 Business Number: **858936974BC0001**

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Corporate Summary

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Corporate History

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Corporate History	Date and Time Filed (Pacific Time)	Details	View Documents
BC Annual Report - DEC 29, 2021	January 05, 2022 3:07 PM		BC Annual Report - DEC 29, 2021
BC Annual Report - DEC 29, 2020	January 18, 2021 10:26 AM		BC Annual Report - DEC 29, 2020
Notice of Change of Directors - Address Change or Name Correction Only	January 18, 2021 10:24 AM		Notice of Change of Directors Notice of Articles
Notice of Change of Directors	February 18, 2020 2:22 PM	Date of Change: February 05, 2020	Notice of Change of Directors Notice of Articles
BC Annual Report - DEC 29, 2019	February 06, 2020 10:30 AM		BC Annual Report - DEC 29, 2019
BC Annual Report - DEC 29, 2018	February 04, 2019 4:23 PM		BC Annual Report - DEC 29, 2018
BC Annual Report - DEC 29, 2017	May 07, 2018 4:56 PM		BC Annual Report - DEC 29, 2017

Notice of Change of Directors - Address Change or Name Correction Only	May 07, 2018 4:37 PM		Notice of Change of Directors Notice of Articles
Notice of Change of Directors - Address Change or Name Correction Only	January 17, 2017 3:32 PM		Notice of Change of Directors Notice of Articles
BC Annual Report - DEC 29, 2016	December 30, 2016 4:09 PM		BC Annual Report - DEC 29, 2016
Notice of Change of Directors	December 30, 2016 4:02 PM	Date of Change: July 14, 2016	Notice of Change of Directors Notice of Articles
BC Annual Report - DEC 29, 2015	December 30, 2015 1:48 PM		BC Annual Report - DEC 29, 2015
Notice of Change of Directors	March 23, 2015 3:19 PM	Date of Change: February 05, 2015	Notice of Change of Directors Notice of Articles
BC Annual Report - DEC 29, 2014	February 12, 2015 4:15 PM		BC Annual Report - DEC 29, 2014
BC Annual Report - DEC 29, 2013	January 28, 2014 9:30 AM		BC Annual Report - DEC 29, 2013
Notice of Change of Directors	January 11, 2013 5:32 PM	Date of Change: January 04, 2013	Notice of Change of Directors Notice of Articles
BC Annual Report - DEC 29, 2012	January 02, 2013 3:14 PM		BC Annual Report - DEC 29, 2012
Notice of Change of Directors - Address Change or Name Correction Only	November 13, 2012 3:25 PM		Notice of Change of Directors Notice of Articles
Register a BC Company in Alberta (TILMA)	April 24, 2012 3:30 PM		
BC Annual Report - DEC 29, 2011	February 07, 2012 10:33 AM		BC Annual Report - DEC 29, 2011
BC Annual Report - DEC 29, 2010	January 07, 2011 9:33 AM		BC Annual Report - DEC 29, 2010
BC Annual Report - DEC 29, 2009	May 13, 2010 2:35 PM		BC Annual Report - DEC 29, 2009
BC Annual Report - DEC 29, 2008	December 29, 2008 10:46 AM		BC Annual Report - DEC 29, 2008
BC Annual Report - DEC 29, 2007	December 31, 2007 11:40 AM		BC Annual Report - DEC 29, 2007
BC Annual Report - DEC 29, 2006	February 22, 2007 9:41 AM		BC Annual Report - DEC 29, 2006
Notice of Change of Address	March 29, 2006 4:05 PM	Effective Date: March 30, 2006 12:01 AM	Notice of Change of Address Notice of Articles
BC Annual Report - DEC 29, 2005	March 29, 2006 4:01 PM		BC Annual Report - DEC 29, 2005
Notice of Change of Directors	March 29, 2006 3:51 PM	Date of Change: December 29, 2005	Notice of Change of Directors Notice of Articles
Incorporation Application	December 29, 2004 10:57 AM		Incorporation Application Notice of Articles Certificate

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BC Company Summary

For

CANADIAN DEHUA INTERNATIONAL MINES GROUP INC.

Date and Time of Search: April 11, 2022 03:54 PM Pacific Time

Currency Date: December 23, 2021

ACTIVE

Incorporation Number: BC0712504

Name of Company: CANADIAN DEHUA INTERNATIONAL MINES GROUP INC.

Business Number: 858936974 BC0001

Recognition Date and Time: Incorporated on December 29, 2004 10:57 AM Pacific Time **In Liquidation:** No

Last Annual Report Filed: December 29, 2021 **Receiver:** No

REGISTERED OFFICE INFORMATION

Mailing Address:
SUITE 202 - 2232 WEST 41ST AVENUE
VANCOUVER BC V6M 1Z8
CANADA

Delivery Address:
SUITE 202 - 2232 WEST 41ST AVENUE
VANCOUVER BC V6M 1Z8
CANADA

RECORDS OFFICE INFORMATION

Mailing Address:
SUITE 202 - 2232 WEST 41ST AVENUE
VANCOUVER BC V6M 1Z8
CANADA

Delivery Address:
SUITE 202 - 2232 WEST 41ST AVENUE
VANCOUVER BC V6M 1Z8
CANADA

DIRECTOR INFORMATION

Last Name, First Name, Middle Name:
LIU, NAI SHUN

Mailing Address:
3577 WEST 34TH AVENUE
VANCOUVER BC V6N 2K7
CANADA

Delivery Address:
3577 WEST 34TH AVENUE
VANCOUVER BC V6N 2K7
CANADA

OFFICER INFORMATION AS AT December 29, 2021

Last Name, First Name, Middle Name:

LIU, NAI SHUN

Office(s) Held: (President, Secretary)

Mailing Address:

3577 WEST 34TH AVENUE
VANCOUVER BC V6N 2K7
CANADA

Delivery Address:

3577 WEST 34TH AVENUE
VANCOUVER BC V6N 2K7
CANADA

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Business Name	Firm Name	Firm Number	Date
CANADIAN DEHUA INTERNATIONAL MINES GROUP INC.	IMT INSTITUTE OF MINING TECHNOLOGY BC	FM0606973	2013-05-06
CANADIAN DEHUA INTERNATIONAL MINES GROUP INC.	IMT INSTITUTE OF MINING TECHNOLOGY OF BC	FM0606674	2013-05-01

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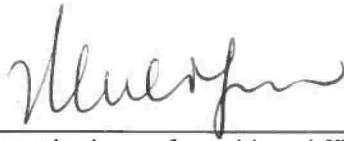
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This is **Exhibit "B"** referred to in the Affidavit of Naishun Liu sworn before me at Vancouver, British Columbia on this the 31 day of May, 2022.



A Commissioner for taking Affidavits for
British Columbia

WEIGUO HE
Barrister and Solicitor
DLA Piper (Canada) LLP
666 Burrard Street, Suite 2800
Vancouver, BC V6C 2Z7
604.643.6417

Canadian Dehua International Mines Group Inc.

BALANCE SHEET

As At March 31, 2021

	Current	Prior	Variance	%Var
ASSETS				
CURRENT ASSETS				
Cash and bank (Sch 2)	2,312.90	18,608.03	(16,295.13)	(87.57)
Interest receivables	22,460.79	15,309.35	7,151.44	46.71
Other receivable (Sch 12)	732,647.61	742,647.61	(10,000.00)	(1.35)
Other taxes receivable (Sch 4)	3,974.85	2,477.97	1,496.88	60.41
Due from related party (Sch 20)	410,693.28	407,151.19	3,542.09	0.87
Deposit out (Sch 16)	14,587.00	29,977.10	(15,390.10)	(51.34)
	<u>1,186,676.43</u>	<u>1,216,171.25</u>	<u>(29,494.82)</u>	<u>(2.43)</u>
LOAN RECEIVABLE				
Beijing Shuai Ling Trading (Sch 25)	25,724,156.62	0.00	25,724,156.62	0.00
Xue, Weijun	111,037.80	111,037.80	0.00	0.00
Zhang, Jin Cai	294,171.71	294,171.71	0.00	0.00
HD Mining International	57,014.05	57,014.05	0.00	0.00
	<u>26,186,380.18</u>	<u>462,223.56</u>	<u>25,724,156.62</u>	<u>5565.31</u>
INVESTMENT				
Canadian Kailuan Dehua Mine (CKD)	1,753,733.07	1,753,733.07	0.00	0.00
Canadian Dehua Lvliang (CDLV)	4,335,000.00	4,335,000.00	0.00	0.00
Vancouver Island Iron Ore (VIIO)	0.80	0.80	0.00	0.00
	<u>6,088,733.87</u>	<u>6,088,733.87</u>	<u>0.00</u>	<u>0.00</u>
INVESTMENT - 100% OWNERSHIP HOLD BY CDI				
Wapiti Coking Coal mines (WCCM)	10,000.00	10,000.00	0.00	0.00
Canada Dehua Drilling Ltd. (CDD) (Sch 18)	7,859,641.33	7,859,641.33	0.00	0.00
Canadian Bullmoose Mines (CBM) (Sch 19)	10,202,904.00	0.00	10,202,904.00	0.00
	<u>18,072,545.33</u>	<u>7,869,641.33</u>	<u>10,202,904.00</u>	<u>129.65</u>
PROPERTY, PLANT AND EQUIPMENT (Sch 1)	<u>44,388.51</u>	<u>61,292.95</u>	<u>(16,904.44)</u>	<u>(27.58)</u>
PROJECT CAPITALIZATION				
Project - Geology department	1,393,723.38	1,393,723.38	0.00	0.00
Project - Wapiti	24,987,748.61	24,837,994.63	149,753.98	0.60
Project - Wapiti/Entertainment	9,829.61	9,829.61	0.00	0.00
Project - Wapiti/Reclamation bond	510,322.55	513,822.55	(3,500.00)	(0.68)
Project - Polplar	0.00	1,101,850.80	(1,101,850.80)	(100.00)
Project - Yukon	0.00	2,580,103.71	(2,580,103.71)	(100.00)
Project - Yukon/Entertainment	0.00	24,592.10	(24,592.10)	(100.00)
Project - Argonaut	0.00	428,214.93	(428,214.93)	(100.00)
Project - Moose lake / GCC	0.00	68,960.58	(68,960.58)	(100.00)
Project - Kinuseo Creek	0.00	9,500.00	(9,500.00)	(100.00)
Project - Grand Cache	0.00	15,000.00	(15,000.00)	(100.00)
Project - Murray River/Reclamation bond	407,379.29	403,879.29	3,500.00	0.87
Project - Bullmoose	7,841,507.19	7,841,507.19	0.00	0.00
Project - Bullmoose/Reclamation bond	222,959.78	218,700.98	4,258.80	1.95
Project - Sukunka	0.00	154,879.00	(154,879.00)	(100.00)
Project - Iron Ross	731,735.28	731,735.28	0.00	0.00
Project - Iron Ross/Reclamation bond	7,696.68	7,696.68	0.00	0.00
Project - Pacific Iron	6,079,406.16	6,079,731.16	(325.00)	(0.01)
Project - Mount Copper	0.00	48,310.23	(48,310.23)	(100.00)
Project - Bugaboo - Reko Iron	0.00	38,085.18	(38,085.18)	(100.00)
Project - Head Bay	0.00	478,355.85	(478,355.85)	(100.00)
Project - Others/Reclamation bond	0.00	5,210.47	(5,210.47)	(100.00)
Mining rights	0.00	1,573,256.78	(1,573,256.78)	(100.00)
	<u>42,192,308.53</u>	<u>48,564,940.38</u>	<u>(6,372,631.85)</u>	<u>(13.12)</u>
TOTAL ASSETS	<u>\$ 93,771,032.85</u>	<u>\$ 64,263,003.34</u>	<u>\$ 29,508,029.51</u>	<u>45.92</u>

Canadian Dehua International Mines Group Inc.
BALANCE SHEET
As At March 31, 2021

	Current	Prior	Variance	%Var
LIABILITIES				
CURRENT LIABILITIES				
Accts payable & accruals (Sch 6)	7,736.26	7,263.52	472.74	6.51
Payroll payables (Sch 7)	5,363.38	12,170.95	(6,807.57)	(55.93)
Income taxes payable (Sch 5)	433,023.57	417,954.63	15,068.94	3.61
	<u>446,123.21</u>	<u>437,389.10</u>	<u>8,734.11</u>	<u>2.00</u>
PROMISSORY NOTES PAYABLE				
Canada Zhonghe Investment Ltd (Sch 23)	4,931,915.00	0.00	4,931,915.00	0.00
HBIS Group Int'l Holding Co., (Sch 24)	2,414,400.00	0.00	2,414,400.00	0.00
	<u>7,346,315.00</u>	<u>0.00</u>	<u>7,346,315.00</u>	<u>0.00</u>
LOAN PAYABLE				
Bullmoose Mining Ltd (Sch 26)	1,904,722.26	(1,500,181.74)	3,404,904.00	(226.97)
Fei Kuang Group (Sch 27)	59,205,018.84	30,143,809.77	29,061,209.07	96.41
Canadian Dehua Lviang (Sch 28)	15,224,131.43	15,270,967.60	(46,836.17)	(0.31)
CEBA Loan (Sch 29)	40,000.00	0.00	40,000.00	0.00
	<u>76,373,872.53</u>	<u>43,914,595.63</u>	<u>32,459,276.90</u>	<u>73.91</u>
JUDGEMENT LOAN PAYABLE				
Shougang International (Sch 15)	20,821,091.49	21,493,305.00	(672,213.51)	(3.13)
	<u>20,821,091.49</u>	<u>21,493,305.00</u>	<u>(672,213.51)</u>	<u>(3.13)</u>
SHAREHOLDER LOAN (Sch 11)				
	<u>1,734,093.85</u>	<u>1,618,265.61</u>	<u>115,828.24</u>	<u>7.16</u>
	<u>1,734,093.85</u>	<u>1,618,265.61</u>	<u>115,828.24</u>	<u>7.16</u>
SHAREHOLDER EQUITY				
CAPITAL STOCK (Sch 8)				
Retained earnings at beginning	100.00	100.00	0.00	0.00
Profit (loss) for the period (Sch 9)	(3,200,652.00)	(125,101.02)	(3,075,550.98)	2458.45
Total equity	(9,749,911.23)	(3,075,550.98)	(6,674,360.25)	217.01
	<u>(12,950,463.23)</u>	<u>(3,200,552.00)</u>	<u>(9,749,911.23)</u>	<u>304.63</u>
TOTAL LIABILITIES AND EQUITY	<u>\$ 93,771,032.85</u>	<u>\$ 64,263,003.34</u>	<u>\$ 29,508,029.51</u>	<u>45.92</u>

Canadian Dehua International Mines Group Inc.
BALANCE SHEET
As At March 31, 2021

	Current	Prior	Variance	%Var
PROPERTY, PLANT AND EQUIPMENT - SCHEDULE 1				
Furniture and equipment, at cost	244,429.16	244,429.16	0.00	0.00
Automobiles, at cost	236,325.40	343,589.18	(107,263.78)	(31.22)
Computer software	13,724.87	13,724.87	0.00	0.00
Computers, at cost	44,976.36	44,976.36	0.00	0.00
Total property, plant and equipment before acc.	<u>539,455.79</u>	<u>646,719.57</u>	<u>(107,263.78)</u>	<u>(16.59)</u>
Acc depr - furniture & equip	(219,299.21)	(213,016.72)	(6,282.49)	2.95
Acc depr. - automobiles	(217,066.84)	(313,708.67)	96,641.83	(30.81)
Acc depr. - computer software	(13,724.87)	(13,724.87)	0.00	0.00
Acc depr. - computers	(44,976.36)	(44,976.36)	0.00	0.00
Total acc. depre.	<u>(495,067.28)</u>	<u>(585,426.62)</u>	<u>90,359.34</u>	<u>(15.43)</u>
Total net property, plant and equipment	<u>\$ 44,388.51</u>	<u>\$ 61,292.95</u>	<u>\$ (16,904.44)</u>	<u>(27.58)</u>
CASH - SCHEDULE 2				
CIBC C\$ 21-35817	(30.81)	1,867.46	(1,898.27)	(101.65)
CIBC US\$ 05-70311	(13.01)	637.99	(651.00)	(102.04)
Lake View Credit Union #4092-Mining	2,326.15	15,807.35	(13,481.20)	(85.28)
Lake View Credit Union #4027-Equity shares	33.92	28.10	5.82	20.71
Foreign currency translation	(3.35)	267.13	(270.48)	(101.25)
	<u>\$ 2,312.90</u>	<u>\$ 18,608.03</u>	<u>\$ (16,295.13)</u>	<u>(87.57)</u>
OTHER TAXES PAYABLE - SCHEDULE 4				
GST transferred to 4/2021 - 1/2022 by CRA	(255.24)	0.00	(255.24)	0.00
GST payable	(2,971.76)	(2,191.33)	(780.43)	35.61
GST paid	(747.85)	(286.64)	(461.21)	160.90
	<u>\$ (3,974.85)</u>	<u>\$ (2,477.97)</u>	<u>\$ (1,496.88)</u>	<u>60.41</u>
INCOME TAXES PAYABLE-SCHEDULE 5				
Corporation tax payable - 2015 BCMETC	391,330.00	391,330.00	0.00	0.00
Interest payable - 2015 BCMETC	41,693.57	26,624.63	15,068.94	56.60
	<u>\$ 433,023.57</u>	<u>\$ 417,954.63</u>	<u>\$ 15,068.94</u>	<u>3.61</u>
PAYABLES & ACCRUALS - SCHEDULE 6				
A/P - Pioneer Exploration Corp	472.74	0.00	472.74	0.00
Employee expenses reimbursement (Sch 10)	195.52	195.52	0.00	0.00
Accrued expenses per client - Demob	2,350.00	2,350.00	0.00	0.00
Accrued expenses - 2020 account fee	4,718.00	4,718.00	0.00	0.00
	<u>\$ 7,736.26</u>	<u>\$ 7,263.52</u>	<u>\$ 472.74</u>	<u>6.51</u>
PAYROLL PAYABLES - SCHEDULE 7				
Wages payable	0.00	8,494.39	(8,494.39)	(100.00)
Payroll deduction payable	5,363.38	3,676.56	1,686.82	45.88
	<u>\$ 5,363.38</u>	<u>\$ 12,170.95</u>	<u>\$ (6,807.57)</u>	<u>(55.93)</u>
CAPITAL STOCK - SCHEDULE 8				
Share capital	100.00	100.00	0.00	0.00
	<u>\$ 100.00</u>	<u>\$ 100.00</u>	<u>\$ 0.00</u>	<u>0.00</u>
RETAINED EARNINGS - SCHEDULE 9				
Net income (loss) for period	(9,749,911.23)	(3,075,550.98)	(6,674,360.25)	217.01
	<u>\$ (9,749,911.23)</u>	<u>\$ (3,075,550.98)</u>	<u>\$ (6,674,360.25)</u>	<u>217.01</u>
EMPLOYEE EXPENSES REIMBURSEMENT - SCHEDULE 10				
Expenses reimbursed - Hu Yijun	195.52	195.52	0.00	0.00
	<u>\$ 195.52</u>	<u>\$ 195.52</u>	<u>\$ 0.00</u>	<u>0.00</u>

Canadian Dehua International Mines Group Inc.

Net income (loss) for period

As At March 31, 2021

	Current	Prior	Variance	%Var
SHAREHOLDERS' LOAN - SCHEDULE 11				
S/H - Mr. Liu CA\$	436,347.54	154,160.09	282,187.45	183.05
S/H - Mr Liu US\$	1,032,005.02	1,032,005.02	0.00	0.00
S/H - Mr Liu US\$ translation	265,741.29	432,100.50	(166,359.21)	(38.50)
	<u>\$ 1,734,093.85</u>	<u>\$ 1,618,265.61</u>	<u>\$ 115,828.24</u>	<u>7.16</u>
OTHER RECEIVABLE - SCHEDULE 12				
Loan receivable - Xin Cai Liu	580,000.00	580,000.00	0.00	0.00
Advance - Corepro Drilling Inc.	(5,300.04)	(5,300.04)	0.00	0.00
Advance - Yao Qiao	3,700.00	3,700.00	0.00	0.00
Advance - Changfu Dong	50,000.00	50,000.00	0.00	0.00
Advance - John Cavanagh	32,400.00	32,400.00	0.00	0.00
Advance - Lim & Company	0.00	10,000.00	(10,000.00)	(100.00)
C/A Dehua Ocean Shipping Corp.	806.83	806.83	0.00	0.00
C/A - IMT Institute of Mining Technology BC/IMTBC	37,947.82	37,947.82	0.00	0.00
C/A-Canadian Industrial Automation Equipment Inc.	2,220.25	2,220.25	0.00	0.00
C/A-United Mining Technology (Canada) Research Ins	22,220.25	22,220.25	0.00	0.00
C/A-China Stone	2,715.04	2,715.04	0.00	0.00
C/A-Canada Quantum Holdings Ltd.	1,631.50	1,631.50	0.00	0.00
C/A-Pioneer Exploration	4,305.96	4,305.96	0.00	0.00
	<u>\$ 732,647.61</u>	<u>\$ 742,647.61</u>	<u>\$ (10,000.00)</u>	<u>(1.35)</u>
SHOUGANG INETRATIONAL - SCHEDULE 15				
Loan payable - Shougang International - USD	10,000,000.00	10,000,000.00	0.00	0.00
Loan receivable - Shougang International - CAD	(5,698.34)	0.00	(5,698.34)	0.00
Interest payable - Shougang - USD	5,750,000.00	5,150,000.00	600,000.00	11.65
Loan payable - Shougang - legal & arbitration fees	254,139.83	0.00	254,139.83	0.00
Loan payable - Shougang International - For. curr.	4,822,650.00	6,343,305.00	(1,520,655.00)	(23.97)
	<u>\$ 20,821,091.49</u>	<u>\$ 21,493,305.00</u>	<u>\$ (672,213.51)</u>	<u>(3.13)</u>
DEPOSIT OUT - SCHEDULE 16				
Deposits out	14,587.00	22,687.00	(8,100.00)	(35.70)
Deposit out - Rescan Environmental services	0.00	7,290.10	(7,290.10)	(100.00)
	<u>\$ 14,587.00</u>	<u>\$ 29,977.10</u>	<u>\$ (15,390.10)</u>	<u>(51.34)</u>
TERM DEPOSIT - SCHEDULE 17				
INVESTMENT IN SUBSIDIARY COMPANY-CDD -SCHEDULE 18				
Canada Dehua Drilling Ltd. (CDD)	100.00	100.00	0.00	0.00
Loan from Zhang Jin Cai per share agt 17	2,706,599.95	2,706,599.95	0.00	0.00
Loan to CDD per share agt 17	5,152,941.38	5,152,941.38	0.00	0.00
	<u>\$ 7,859,641.33</u>	<u>\$ 7,859,641.33</u>	<u>\$ 0.00</u>	<u>0.00</u>
INVESTMENT IN SUBSIDIARY COMPANY-BML -SCHEDULE 19				
Canadian Bullmoose Mines Ltd. (CBM) (USD)	8,242,000.00	0.00	8,242,000.00	0.00
Canadian Bullmoose Mines Ltd. (CBM) (CAD)	24.00	0.00	24.00	0.00
Canadian Bullmoose (CBM) - For. curr.	1,960,880.00	0.00	1,960,880.00	0.00
	<u>\$ 10,202,904.00</u>	<u>\$ 0.00</u>	<u>\$ 10,202,904.00</u>	<u>0.00</u>
DUE FROM RELATED PARTIES - SCHEDULE 20				
Due from related party - CDD (Sch 21)	(283,258.81)	(286,392.95)	3,134.14	(1.09)
Due from related party - WCCM (Sch 22)	173,562.23	173,434.28	127.95	0.07
C/A - Vancouver Island Iron Ore Corp.	531,112.33	530,832.33	280.00	0.05
C/A Canadian Kailuan Dehua Mine Co., Ltd.	(10,722.47)	(10,722.47)	0.00	0.00
	<u>\$ 410,693.28</u>	<u>\$ 407,151.19</u>	<u>\$ 3,542.09</u>	<u>0.87</u>

Canadian Dehua International Mines Group Inc.

Net income (loss) for period

As At March 31, 2021

	Current	Prior	Variance	%Var
DUE FROM RELATED PARTY-CDD - SCHEDULE 21				
Accounts payable - Canada Dehua Drilling Ltd.	(286,392.95)	(286,392.95)	0.00	0.00
A/P Canada Dehua Drilling Ltd.	(17,142,798.36)	(17,142,798.36)	0.00	0.00
C/A Canada Dehua Drilling Ltd.	20,316,776.05	20,313,641.91	3,134.14	0.02
C/A Canada Dehua Drilling Ltd. - Hotel	1,708,208.11	1,708,208.11	0.00	0.00
C/A Canada Dehua Drilling Ltd. - Bank Drilling	597,923.95	597,923.95	0.00	0.00
C/A Canada Dehua Drilling Ltd. - Bank Lodge	127,453.62	127,453.62	0.00	0.00
C/A Canada Dehua Drilling Ltd. - Bank Mining	(451,487.85)	(451,487.85)	0.00	0.00
A/R CDD per share agt 17	(5,152,941.38)	(5,152,941.38)	0.00	0.00
	<u>\$ (283,258.81)</u>	<u>\$ (286,392.95)</u>	<u>\$ 3,134.14</u>	<u>(1.09)</u>
DUE FROM RELATED PARTY - WCCM - SCHEDULE 22				
C/A Wapiti Coking Coal Mines Corp.	173,411.33	173,264.04	147.29	0.09
C/A Wapiti Coking Coal Mines Corp. - US\$	120.00	120.00	0.00	0.00
C/A Wapiti - Foreign currency translation	30.90	50.24	(19.34)	(38.50)
	<u>\$ 173,562.23</u>	<u>\$ 173,434.28</u>	<u>\$ 127.95</u>	<u>0.07</u>
CANADA ZHONGHE INVESTMENT LTD - SCHEDULE 23				
Note payable USD - Canada Zhonghe Investment Ltd	3,922,000.00	0.00	3,922,000.00	0.00
Note payable USD - Canada Zhonghe - foreign curr	1,009,915.00	0.00	1,009,915.00	0.00
	<u>\$ 4,931,915.00</u>	<u>\$ 0.00</u>	<u>\$ 4,931,915.00</u>	<u>0.00</u>
HBIS GROUP INT'L HOLDING CO. - SCHEDULE 24				
Note payable USD - HBIS Group Int'l Holding Co.,	1,920,000.00	0.00	1,920,000.00	0.00
Note payable USD - HBIS Group - foreign curr	494,400.00	0.00	494,400.00	0.00
	<u>\$ 2,414,400.00</u>	<u>\$ 0.00</u>	<u>\$ 2,414,400.00</u>	<u>0.00</u>
BEIJING SHUAI LING TRADING - SCHEDULE 25				
Loan receivable RMB - Beijing Shuai Ling Trading	134,049,800.00	0.00	134,049,800.00	0.00
Loan receivable RMB - Beijing Shuai/foreign curr.	(108,325,643.38)	0.00	(108,325,643.38)	0.00
	<u>\$ 25,724,156.62</u>	<u>\$ 0.00</u>	<u>\$ 25,724,156.62</u>	<u>0.00</u>
CANADIAN BULLMOOSE MINES LTD - SCHEDULE 26				
Loan payable - Canadian Bullmoose Mines Ltd. - CAD	1,904,722.26	1,904,698.26	24.00	0.00
Loan payable - Canadian Bullmoose Mines Ltd. - USD	0.00	(2,400,000.00)	2,400,000.00	(100.00)
Loan payable - Canadian Bullmoose Mines - For. cur	0.00	(1,004,880.00)	1,004,880.00	(100.00)
	<u>\$ 1,904,722.26</u>	<u>\$ (1,500,181.74)</u>	<u>\$ 3,404,904.00</u>	<u>(226.97)</u>
FEI KUANG GROUP - SCHEDULE 27				
Loan payable - Fei Kuang Group - CAD	0.00	21,560,112.87	(21,560,112.87)	(100.00)
Loan payable - Fei Kuang Group - RMB	320,000,000.00	0.00	320,000,000.00	0.00
Loan repaid by Beijing Shuai Ling Trading - RMB	(10,050,000.00)	0.00	(10,050,000.00)	0.00
Loan payable - Fei Kuang Group - For. curr./RMB	(250,470,595.00)	0.00	(250,470,595.00)	0.00
Loan payable - Fei Kuang Group - USD	0.00	6,050,396.07	(6,050,396.07)	(100.00)
Loan payable - Fei Kuang Group - For. curr./USD	0.00	2,533,300.83	(2,533,300.83)	(100.00)
	<u>59,479,405.00</u>	<u>30,143,809.77</u>	<u>29,335,595.23</u>	<u>97.32</u>
Loan receivable - Fei Kuang/expenses paid by Dehua	(274,386.16)	0.00	(274,386.16)	0.00
	<u>(274,386.16)</u>	<u>0.00</u>	<u>(274,386.16)</u>	<u>0.00</u>
	<u>\$ 59,205,018.84</u>	<u>\$ 30,143,809.77</u>	<u>\$ 29,061,209.07</u>	<u>96.41</u>
CANADIAN DEHUA LVIANG INT'L MINES - SCHEDULE 28				
Loan payable - Canadian Dehua Lvliang Int'l Mines	(706,651.39)	(706,371.39)	(280.00)	0.04
Loan payable - Canadian Dehua Lvliang (Huiyong)	15,567,604.24	15,567,604.24	0.00	0.00
Loan payable - CanadianDehuaLvliang (Huiyong)-USD	288,810.00	288,810.00	0.00	0.00
Loan payable - CanadianDehuaLvliang - For. curr.	74,368.58	120,924.75	(46,556.17)	(38.50)
	<u>\$ 15,224,131.43</u>	<u>\$ 15,270,967.60</u>	<u>\$ (46,836.17)</u>	<u>(0.31)</u>
CEBA LOAN - SCHEDULE 29				
CEBA loan - Forgivable portion	(20,000.00)	0.00	(20,000.00)	0.00

Canadian Dehua International Mines Group Inc.

Net income (loss) for period

As At March 31, 2021

	Current	Prior	Variance	%Var
CEBA loan	<u>60,000.00</u>	<u>0.00</u>	<u>60,000.00</u>	<u>0.00</u>
	<u>\$ 40,000.00</u>	<u>\$ 0.00</u>	<u>\$ 40,000.00</u>	<u>0.00</u>

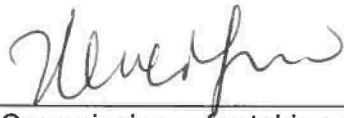
Canadian Dehua International Mines Group Inc.
STATEMENT OF INCOME
For the Period Ended March 31, 2021

	Current	%	Prior	%	Variance	%
MINE EXPLORATION COST (Sch.2)	<u>6,521,109.16</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>6,521,109.16</u>	<u>0.00</u>
GROSS PROFIT	<u>(6,521,109.16)</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>(6,521,109.16)</u>	<u>0.00</u>
OPERATING EXPENSES						
Accounting and legal	274,290.50	0.00	8,103.97	0.00	266,186.53	3284.64
Amortization	14,536.15	0.00	20,659.04	0.00	(6,122.89)	(29.64)
Automobile expenses	1,494.00	0.00	5,231.86	0.00	(3,737.86)	(71.44)
Bank interest & charges (Sch. 3)	806,416.73	0.00	1,065,446.13	0.00	(259,029.40)	(24.31)
Entertainment and taxable meals	0.00	0.00	323.30	0.00	(323.30)	(100.00)
Supplies (Sch. 5)	3,336.05	0.00	6,853.89	0.00	(3,517.84)	(51.33)
Rent	0.00	0.00	41,175.84	0.00	(41,175.84)	(100.00)
Security	0.00	0.00	300.00	0.00	(300.00)	(100.00)
Telephone and communication	2,617.09	0.00	3,643.01	0.00	(1,025.92)	(28.16)
Travelling expenses	2,269.27	0.00	45,007.96	0.00	(42,738.69)	(94.96)
Wages & benefits (Sch. 4)	182,592.45	0.00	308,984.91	0.00	(126,392.46)	(40.91)
Penalty and interest	<u>15,068.94</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>15,068.94</u>	<u>0.00</u>
	<u>1,302,621.18</u>	<u>0.00</u>	<u>1,505,729.91</u>	<u>0.00</u>	<u>(203,108.73)</u>	<u>(13.49)</u>
INCOME (LOSS) FROM OPERATIONS	<u>(7,823,730.34)</u>	<u>0.00</u>	<u>(1,505,729.91)</u>	<u>0.00</u>	<u>(6,318,000.43)</u>	<u>419.60</u>
OTHER INCOME (EXPENSE) (Sch. 6)	<u>(1,926,180.89)</u>	<u>0.00</u>	<u>(1,650,725.07)</u>	<u>0.00</u>	<u>(275,455.82)</u>	<u>16.69</u>
INCOME (LOSS) BEFORE TAXES	<u>(9,749,911.23)</u>	<u>0.00</u>	<u>(3,156,454.98)</u>	<u>0.00</u>	<u>(6,593,456.25)</u>	<u>208.89</u>
Income taxes recovered	0.00	0.00	(80,904.00)	0.00	80,904.00	(100.00)
NET INCOME (LOSS) FOR THE PERIOD	<u>\$ (9,749,911.23)</u>	<u>0.00</u>	<u>\$ (3,075,550.98)</u>	<u>0.00</u>	<u>\$ (6,674,360.25)</u>	<u>217.01</u>

Canadian Dehua International Mines Group Inc.
STATEMENT OF INCOME
For the Period Ended March 31, 2021

	Current	%	Prior	%	Variance	%
REVENUE - SCHEDULE 1						
MINE EXPLORATION COST - SCHEDULE 2						
Exploration cost written off	<u>6,521,109.16</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>6,521,109.16</u>	<u>0.00</u>
	<u>\$ 6,521,109.16</u>	<u>0.00</u>	<u>\$ 0.00</u>	<u>0.00</u>	<u>\$ 6,521,109.16</u>	<u>0.00</u>
BANK INTEREST & CHARGES - SCH 3						
Bank charges	1,913.47	0.00	472.70	0.00	1,440.77	304.80
Bank charges - US\$	178.01	0.00	72.00	0.00	106.01	147.24
Bank charges - translation	67.46	0.00	23.82	0.00	43.64	183.21
Interest expenses - Shougang - USD	600,000.00	0.00	800,000.00	0.00	(200,000.00)	(25.00)
Interest expenses - translation	204,180.00	0.00	264,640.00	0.00	(60,460.00)	(22.85)
Interest expenses	<u>77.79</u>	<u>0.00</u>	<u>237.61</u>	<u>0.00</u>	<u>(159.82)</u>	<u>(67.26)</u>
	<u>\$ 806,416.73</u>	<u>0.00</u>	<u>\$ 1,065,446.13</u>	<u>0.00</u>	<u>\$ (259,029.40)</u>	<u>(24.31)</u>
WAGES AND BENEFITS - SCHEDULE 4						
Salaries and wages	168,726.70	0.00	272,087.20	0.00	(103,360.50)	(37.99)
Employee benefits	0.00	0.00	10,541.96	0.00	(10,541.96)	(100.00)
CPP expense	8,135.74	0.00	10,440.55	0.00	(2,304.81)	(22.08)
EI expenses	1,885.95	0.00	2,608.06	0.00	(722.11)	(27.69)
Employee - Mutual Release 2016	0.00	0.00	10,000.00	0.00	(10,000.00)	(100.00)
WCB expense	<u>3,844.06</u>	<u>0.00</u>	<u>3,307.14</u>	<u>0.00</u>	<u>536.92</u>	<u>16.24</u>
	<u>\$ 182,592.45</u>	<u>0.00</u>	<u>\$ 308,984.91</u>	<u>0.00</u>	<u>\$ (126,392.46)</u>	<u>(40.91)</u>
SUPPLIES - SCHEDULE 5						
Supplies	3,336.05	0.00	6,169.64	0.00	(2,833.59)	(45.93)
License and business taxes	0.00	0.00	684.25	0.00	(684.25)	(100.00)
	<u>\$ 3,336.05</u>	<u>0.00</u>	<u>\$ 6,853.89</u>	<u>0.00</u>	<u>\$ (3,517.84)</u>	<u>(51.33)</u>
OTHER INCOME/EXPENSE - SCHEDULE 6						
Other income	113,767.35	0.00	0.00	0.00	113,767.35	0.00
CEBA Loan forgivable income	20,000.00	0.00	0.00	0.00	20,000.00	0.00
Loss on disposal of property, plant and equipme	(2,382.58)	0.00	0.00	0.00	(2,382.58)	0.00
Interest income	11,610.78	0.00	11,600.66	0.00	10.12	0.09
Exchange (gain) loss	<u>(2,069,176.44)</u>	<u>0.00</u>	<u>(1,662,325.73)</u>	<u>0.00</u>	<u>(406,850.71)</u>	<u>24.47</u>
	<u>\$ (1,926,180.89)</u>	<u>0.00</u>	<u>\$ (1,650,725.07)</u>	<u>0.00</u>	<u>\$ (275,455.82)</u>	<u>16.69</u>

This is **Exhibit "C"** referred to in the
Affidavit of Naishun Liu sworn
before me at Vancouver, British Columbia
on this the 31 day of May, 2022.



A Commissioner for taking Affidavits for
British Columbia

WEIGUO HE
Barrister and Solicitor
DLA Piper (Canada) LLP
666 Burrard Street, Suite 2800
Vancouver, BC V6C 2Z7
604.643.6417

Canada Dehua International Mines Group Inc.
Cash Flow Statement
For the 13-week period ending September 4, 2022

(CAD thousands)	Week Ending	Notes	Initial Stay Period														Total
			Week 1	Week 2	Week 3	Week 4	Week 5	Week 6	Week 7	Week 8	Week 9	Week 10	Week 11	Week 12	Week 13	Week 14	
			3-Jun	6-Jun	13-Jun	20-Jun	27-Jun	4-Jul	11-Jul	18-Jul	25-Jul	1-Aug	8-Aug	15-Aug	22-Aug	29-Aug	
Total Receipts			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Disbursements																	
Automobile Expenses	[2]		-	-	-	-	(1)	-	-	(2)	-	-	-	-	-	-	(3)
Bank Charges			-	-	-	-	(0)	-	-	-	(0)	-	-	-	-	(0)	(0)
Telephone and Communication	[3]		-	-	(0)	-	-	-	(0)	-	-	-	-	(0)	-	-	(1)
Travelling Expenses	[4]		-	-	-	-	-	-	-	(3)	-	-	-	-	-	-	(3)
Wage and Benefits	[5]		-	-	(9)	-	-	-	(9)	-	-	-	-	(9)	-	-	(26)
Professional Fees	[6]		-	-	-	(100)	-	-	-	-	(100)	-	-	-	(100)	-	(300)
Total Disbursements			-	-	(9)	(100)	(1)	-	(9)	(5)	(100)	-	-	(9)	(100)	(0)	(333)
Net Change in Cash			-	-	(9)	(100)	(1)	-	(9)	(5)	(100)	-	-	(9)	(100)	(0)	(333)
DIP Financing / (Repayments)	[7]		-	-	-	150	-	-	-	-	150	-	-	-	50	-	350
Opening Cash	[8]		-	-	-	(9)	41	40	40	31	26	76	76	76	67	17	-
Ending Cash			\$ -	\$ -	\$ (9)	\$ 41	\$ 40	\$ 40	\$ 31	\$ 26	\$ 76	\$ 76	\$ 76	\$ 67	\$ 17	\$ 17	\$ 17

*summary for Monitor's Reports

(CAD thousands)	Initial Stay	Forecast
	Period	Period
Total Receipts	-	-
Disbursements		
Automobile Expenses	-	(3)
Bank Charges	-	(0)
Telephone and Communication	-	(1)
Travelling Expenses	-	(3)
Wage and Benefits	-	(26)
Professional Fees	-	(300)
Total Disbursements	-	(333)
Net Change in Cash	-	(333)
DIP Financing / (Repayments)	-	350
Opening Cash	-	-
Ending Cash	\$ -	\$ 17

Naishun Liu, Chief Executive Officer
Canada Dehua International Mines Group Inc.

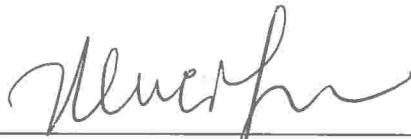
Notes:

Management 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 Statement is based on the probable and hypothetical assumptions detailed below. Actual results will likely vary from performance projected and such variations may be material.

- 111 Canada Dehua International Mines Group Inc. ("CDI" or the "Applicant") are expected to no operating revenue during the CCAA Proceedings.
- 121 Automobile Expenses relate to car insurance for CDI's automobile.
- 131 Telephone and Communication relate to CDI's internet and telephone services.
- 141 Travel Expenses relate to July 2022 annual site visit to CDI's Mining Projects.
- 151 Wage and Benefits relate to the two CDI employees' monthly salaries and benefits.
- 161 Professional fees includes the Applicant's legal counsel, as well as the Monitor and Monitor's legal counsel.
- 171 It is anticipated that the debtor's counsel will seek Debtor-in-possession ("DIP") financing (Repayment) during the Comeback Hearing to fund the Applicant's costs during the CCAA proceedings.
- 181 CDI has paid the Monitor a retainer of \$50,000 to support the initial expenses in preparation for the CCAA Proceedings. The retainer has not been reflected in this cash flow.

This is **Exhibit "D"** referred to in the
Affidavit of Naishun Liu sworn
before me at Vancouver, British Columbia
on this the 31 day of May, 2022.



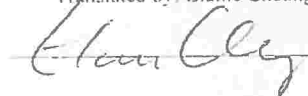
A Commissioner for taking Affidavits for
British Columbia

WEIGUO HE
Barrister and Solicitor
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Vancouver, BC V6C 2Z7
604.643.6417

ENGLISH TRANSLATED VERSION

英文翻译版本

No Advice given, translation only.
Translated by: Elaine Cheung



ELAINE CHEUNG
Barrister & Solicitor
REMEDIOS & COMPANY
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VANCOUVER, B.C. V6E 2Y3
604-688-9337

AGREEMENT FOR DEVELOPMENT OF THE GETHING COAL PROJECT¹

THIS AGREEMENT is made on October 18, 2010 in Beijing China

BETWEEN:

Canada Zhonghe Investment Ltd., a British Columbia Corporation having a registered office at Suite 2300, Bentall 5, 550 Burrard Street, Vancouver, BC V6C 2B5, Canada

("Party A")

AND:

Shougang International (Canada) Investment Ltd., a British Columbia corporation having a registered office at Suite 202-2232 West 41st Avenue, Vancouver, BC V6M 1Z8, Canada

("Party B")

AND:

Canadian Dehua International Mines Group Inc., a British Columbia corporation having a registered office at Suite 202-2232 West 41st Avenue, Vancouver, BC V6M 1Z8, Canada

("Party C")

(Party A, Party B, and Party C are collectively referred to as the "Parties")

WHEREAS:

1. Corporate Registration

Part A and Party C incorporated a joint venture company, Canadian Kailuan Dehua Mines Ltd. in Vancouver, Canada ("Kailuan Dehua"). Party A invested CAD fifty one (51) for 51% interest in the capital of Kailuan Dehua and Party C invested CAD forty nine (49) for 49% interest in the capital of Kailuan Dehua.

2. Capital Investment

Thereafter, Party A invested USD 5.5 millions in Kailuan Dehua to be used for the exploratory drilling program. To protect Party A's interest, Party C which has the legal and beneficial ownership of the Gething Coal Property (please see definition in paragraph 5) transferred the legal title of the Gething Coal Property to Kailuan Dehua.

¹ This is the English translation of the Agreement which is written in Chinese. If there are any discrepancies in content between the Agreement in Chinese and the English translated version, the Agreement in Chinese must prevail.

*Translated by
E. Lee*

3. Party A's Requirements

If the exploration result does not meet Party A's requirement, Party C agrees to repay USD 5.5 millions to Party A. If Party C is unable to repay the USD 5.5 millions, the Parties agree to auction and sell the Gething Coal Property and Party A has priority in receiving repayment from the sale proceeds.

4. Exploration Result and Related Issues

If the exploration results meet Party A's requirements, Party A's investment of USD 5.5 millions will become an investment for shares in Kailuan Dehua and Party C does not need to repay Party A. In addition, Party A will invest another USD 41.3367 millions making a total investment of USD 46.8367 millions in Kailuan Dehua in exchange for 51% interest in Kailuan Dehua. If the exploration result meet Party A's requirements and Party A decides to invest in the development of Gething Coal Property, Party C agrees to transfer its beneficiary ownership title of Gething Coal Property to Kailuan Dehua. Party A and Party C's negotiated value of the beneficiary ownership of Gething Coal Property is USD 45 millions and Party C will have 49% interest in Kailuan Dehua.

5. Status of the Gething Project

Kailuan Dehua has both the legal and beneficial ownership of the Gething Coal property (the "Property") which is located in the Northeast of British Columbia, Canada, the area of the area of the Property is 228 square km. The Property includes East Mount Gething which is 47 square km, South Mount Gething which is 65 square km, and Bri-Dowling which is 116 square km. There are a total of 22 pieces of property within the Property having coal licenses and coal tenures numbers as follows:

"417304", "417305", "417306", "417307", "417308", "417309", "417310", "417311", "417312", "417313", "417314", "417315", "417316", "417317", "417318", "417319", "417320", "417321", "417322", "417323", "417324", "417568".

The exploratory drilling program has been conducted in the Bri-Dowling Area which is 80 square km. Northwest Corporation a US corporation completed the geological report of the Property and Chinese experts in thin coal seam development have conducted the evaluation of mining feasibility.

6. Others

Party A and Party C agree to accept Party B as a partner to develop the Property. In consideration of the premises and the covenants, agreements, representations, warranties and payments contained in this Agreement, the Parties agree with the others as follows:

(1) Share Ratio

The Parties agree after Party B becomes a partner to develop the Property, the Parties will change the ownership ratio in Kailuan Dehua to the following:

Translated by
E. L. Kelly
2

Party A will have 51% interest in the shares of Kailuan Dehua, Party B will have 25% interest in the shares of Kailuan Dehua, and Party C will have 24% interest in the shares of Kailuan Dehua.

(2) Equity Capital

- 2.1 Party A already invested USD 5.5 millions in Kailuan Dehua for exploratory drilling program. Party A will invest an additional USD 41.3367 millions and another USD 17.85 millions in Kailuan Dehua making the total investment of USD 64.6867 millions as equity capital and having 51% interest in the capital of Kailuan Dehua.
- 2.2 Party B invested USD 31.7091 millions and will acquire 25% interest in the capital of Kailuan Dehua.
- 2.3 The Parties agree that the value of the Property is USD 45 millions. Party C will transfer its 25% interest in the capital of Kailuan Dehua to Party B. Kailuan Dehua will compensate Party C for the transfer of the share for USD 14.5591 million cash. After the transfer Party C will hold 24% interest in the capital of Kailuan Dehua. Kailuan Dehua's total capital is USD 126.8367 millions which consists of USD 81.8367 as capital investment and USD 45 millions as investment in resources rights. If there are funds needed for mine construction and operational costs, Kailuan Dehua should get financing from banks or other investors.

(3) Payment

- 3.1 Party A and Party B should complete the capital investment in Kailuan Dehua after this Agreement comes into effect.
- 3.2 20 days after Party A and Party B complete the capital investment in Kailuan Dehua as mention in Paragraph 6, 3.1, Kailuan Dehua will pay Party B USD 14.5591 in cash.

(4) Change in Articles of the Corporation, Board of Directors' Meeting Minutes, and Directors and Officers of Kailuan Dehua

- 4.1 After the transfer of 25% interest in the capital of Kailuan Dehua by Party C to Party B (the "Transfer"), there will be 5 directors appointed to the board of Kailuan Dehua. Party A will appoint 3 directors, Party B will appoint 1 director, and Party C will appoint 1 director. The President of Kailuan Dehua will be appointed by Party A.
- 4.2 After the Transfer, Kailuan Dehua will have 4 positions on the management team including one Senior Manager, one Manager in charge of engineering and technology, one District Administrative Manager, and one Senior Accountant. Party A will appoint the Senior Manager and the Manager in charge of engineering and technology. Party B will appoint the Chief Accountant and Party C will appoint the District Administrative Manager.

Translated by
E. C. C. 3

(5) Phase I of the Project

Phase I of the Project consists of construction of underground mine shaft and supporting facilities which have production rate of two million tones of clean coal per year, the construction term is two years. The feasibility report and design proposal of Phase I construction should be done by professionals approved by the Parties.

(6) Marketing

6.1 The coal products which produced by Kailuan Dehua in the 228 square km of mine property will be proportionally distribute to the Parties according to the ownership percentage in Kailuan Dehua. The price of coal will be determined by market price and other considerations.

6.2 The Parties agree that Party C will sell all the coal it received from mining of the Property to Party B. In total, Party B will have 49% of all the coal produced from the Property.

(7) Rights and Obligations of Shareholders

7.1 If any one of the Parties transfers their interest in the capital of Kailuan Dehua (the "Shares") to their parent companies or their subsidiaries, the other two of the Parties will waive their right of first refusal for purchase of the Shares.

7.2 Except as provide for under paragraph 6(7) 7.1 the Parties should not distribute, assign or transfer their rights and obligations under this agreement to a fourth party except all the Parties consent in writing.

7.3 If any of the Parties transfers the Shares except as provided for under paragraph 6(7)7.1, the Parties who did not make any transfer of the Shares have the priority right to purchase the Shares proposed to be transferred under the same terms and conditions.

7.4 Any restructuring or name changes of the Parties will not affect the validity of this Agreement.

(8) Confidentiality

The Parties will keep all the information they received from this Agreement and any information they received from the work related to the Gething Coal Project confidential except with express consent of all the Parties or except required by law). The Party who breaches this confidentiality agreement and causes economic loss to the other non-breaching Parties, the breaching Party will indemnify the non-breaching Parties for the economic loss.

Witnessed by
E. C. C. C.
4

(9) Compensation

If one of the Parties breaches terms in this Agreement and causes loss to the other non-breaching Parties, the breaching Party will indemnify the non-breaching Parties for the loss.

(10) Effective Date of this Agreement

This Agreement is effective on the date of signing.

(11) Amending this Agreement

No amendment of this Agreement will be binding unless made in writing by all the parties to this Agreement. The Parties agree that all amendments to be effective have to be written in Chinese, agreed by all the Parties and signed by authorized representative of all the Parties (the "Effective Amendments"). The Effective Amendment will become part of this Agreement and have same binding effect as this Agreement.

(12) Arbitration

Any dispute arise from this Agreement should be resolved by negotiation between the Parties. If negotiation is not successful, the dispute will be submitted to Board of arbitration of Chinese International Economy and its decision will be final.

(13) Copies of this Agreement

There are six copies of this Agreement and each of the Parties will have two copies.

IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the day and year first written.

CANADA ZHONGHE INVESTMENT

Per:

Authorized Signatory

SHOUGANG INTERNATIONAL
(CANADA) INVESTMENT LTD

Per:

Authorized Signatory

CANADIAN DEHUS INTERNATIONAL
MINES GROUP INC.

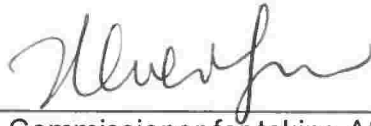
Per:

Authorized Signatory

*As Admin given.
Translator only
Elaine Cheung*

ELAINE CHEUNG
Barrister & Solicitor
REMEDIOS & COMPANY
Suite 1010 - 1030 WEST GEORGIA ST.
VANCOUVER, B.C. V6E 2Y3
604-688-9337

This is **Exhibit "E"** referred to in the
Affidavit of Naishun Liu sworn
before me at Vancouver, British Columbia
on this the 31 day of May, 2022.



A Commissioner for taking Affidavits for
British Columbia

WEIGUO HE
Barrister and Solicitor
DLA Piper (Canada) LLP
666 Burrard Street, Suite 2800
Vancouver, BC V6C 2Z7
604.643.6417

Personal Property Registry

Selection List

For: [PQ70782] [DLA PIPER (CANADA) LLP]

Jan 19, 2022

09:05:48 AM

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Folio: 080762-00012

BC OnLine Mailbox

Business Name: CANADIAN
DEHUA INTERNATIONAL
MINES GROUP INC

⇒ **Exact Matches: 1**

Local Print Limit: 200

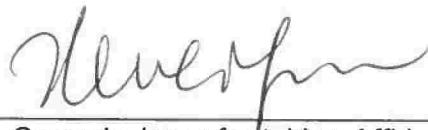
BSR101 - NO MORE INFORMATION TO DISPLAY

Debtor Name

- CANADIAN DEHUA INTERNATIONAL MINES GROUP INC.
- CANADIAN DEHE INTERNATIONAL INVESTMENT GROUP LTD.

Display Selection

This is **Exhibit "F"** referred to in the
Affidavit of Naishun Liu sworn
before me at Vancouver, British Columbia
on this the 31 day of May, 2022.



A Commissioner for taking Affidavits for
British Columbia

WEIGUO HE
Barrister and Solicitor
DLA Piper (Canada) LLP
666 Burrard Street, Suite 2800
Vancouver, BC V6C 2Z7
604.643.0417



Princesmountain Transnational Services Inc.

#300 5900 No. 3 Road, Richmond BC V6X 3P7

Tel: (604) 370-2171

Email: info@princesmountain.com

Web: www.princesmountain.com

TRANSLATOR'S DECLARATION

I, Siyi Tonella, a Certified Translator (member no. 04-10-3770) in good standing of the Society of Translators and Interpreters of British Columbia (STIBC), which is a member association of the Canadian Translators, Terminologists, and Interpreters Council (CTTIC), hereby attest that I am proficient in Chinese to English translation, and that to the best of my skill and ability, I faithfully and accurately translated from Chinese into English the attached document.

Signed and sealed in Richmond, BC

Seal:

Siyi Tonella

STIBC Membership# 04-10-3770

Contact Information:

c/o Princesmountain Transnational Services Inc.

#300-5900 No. 3 Road, Richmond BC Canada V6X 3P7

Tel: (604) 370-2171

2022.01.18

[Translation]

**Joint Venture Agreement
on Prospecting of the Bullmoos Coalfield, Canada**

between

**Canada Zhonghe Investment Ltd.,
Hebei Iron & Steel International Holding Co. Ltd.,
and
Canadian Dehua International Mines Group Inc.**

May 25, 2011

Tangshan, China



[Translation]

Joint Venture Agreement on Prospecting of the Bullmoos Coalfield, Canada

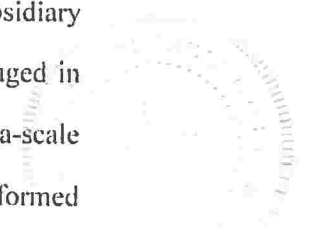
Party A: Canada Zhonghe Investment Ltd.

Party B: Hebei Iron & Steel International Holding Co., Ltd.

Party C: Canadian Dehua International Mines Group Inc.

Canada Zhonghe Investment Ltd. is a wholly owned subsidiary of Kailuan Energy and Chemical Co., Ltd. registered with the Canadian federal government on December 22, 2009. It mainly engages in investments related to coal mine mergers and acquisitions and coal resources development in Canada. Kailuan Energy and Chemical Co., Ltd. (hereinafter referred to as Kailuan Co., Ltd.) is a listed company controlled by Kailuan (Group) Co., Ltd. It is a large-scale energy and chemical enterprise mainly engaged in coal mining, washing, and processing, and coal chemical production and processing. Kailuan Co., Ltd. has an annual production capacity of 8.9 million tons of raw coal and an annual output of more than 3 million tons of refined coal. There are six subordinate coal business subsidiaries and branches; the coal chemical production of Kailuan Co., Ltd. has the capacity of producing 7.2 million tons/year of coke, 200,000 tons/year of methanol, 300,000 tons/year of tar processing, and 200,000 tons/year of crude benzene hydro refining. Its seven subsidiaries of coal chemical line have formed a strategic framework of comprehensive development of "coal, coke and chemical".

Hebei Iron & Steel International Holding Co., Ltd. is a wholly owned subsidiary established by Hebei Iron and Steel Group Co., Ltd. in Hong Kong, mainly engaged in international trade and investment. Hebei Iron and Steel Group Co., Ltd. is a mega-scale steel group that is the largest in China and the second largest in the world, jointly formed



[Translation]

by the alliance of two titans of the industry, Tangshan Iron and Steel Group and Handan Iron and Steel Group. It has 13 holding or shareholding subsidiaries such as Tangshan Iron and Steel, Handan Iron and Steel, Xuansteel, Chengsteel, Wusteel, Mining, Shisteel, International Trade, Hengstrip, Jingtang, Xuangong, and Yanshan Hotel, etc., as well as sales headquarters, procurement headquarters, two branch locations and the Iron and Steel Technology Research Institute and the Strategic Research Institute. The headquarter of the group is located in Shijiazhuang, Hebei Province.

Canadian Dehua International Mines Group Inc. is a company that develops coal resources in North America. It was registered in Vancouver, British Columbia (hereinafter referred to as "BC"), Canada. It has the legal ownership of the mining rights to 127.83 km² of coal resources of the Bullmoos coalfield, with a total of 20 blocks of coal mine constituting the integrated coalfield.

Through thorough consultation, to facilitate the development of Bullmoos coalfield, Canada project, Party A, Party B and Party C have reached the following agreement:

Article 1. Establishment of Joint Venture Company

1.1 Party A, Party B and Party C shall jointly register and establish a joint venture company, Canadian Bullmoos Mines Co., Ltd. (hereinafter referred to as the "joint venture") in Vancouver, British Columbia, Canada; Party A, Party B and Party C's shares in the joint venture shall be 51%, 25% and 24% respectively.

1.2 The board of directors of the joint venture shall consist of 5 directors, of which 3 are appointed by Party A, 1 is appointed by Party B, and 1 is appointed by Party C. The position of the chairman of the joint venture shall be held by one of the directors appointed by Party A.

1.3 Party A, Party B and Party C shall have the right to retain and transfer their respective shares after the completion of the geological prospecting work. When transferring the shares, the consent of the other two parties shall be obtained. Party A, B and C shall have the right of first refusal, but the internal reorganization of the parties to the

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agreement to transfer shares to members of the parent company group is not deemed transfer of shares to a third party, therefore the consent of the other parties is not required, and the other parties agree to waive the right of first refusal .

1.4 If the shareholding ratio of each party in the joint venture is changed, the number of directors appointed by each party and the nomination of the chairman shall also reflect the changed shareholding ratio as much as possible.

1.5 The joint venture must comprehensively and efficiently complete the precise and detailed geological prospecting of the first prospecting area of the Bullmoos coalfield, and complete the general survey of coal resources in rest of the areas of the coalfield. If the geological prospecting results show that the coal resources in this area meet the investment standards of Party A and Party B, the three parties shall continue to cooperate to develop the Bullmoos coalfield, with the joint venture as the main entity for the joint development, starting off from the construction of a large-scale mine with an annual output of over 3 million tons of clean coal in the first phase, developing the Bullmoos coalfield and other coal resources in Canada, and realizing the development strategy of the three parties to develop coal resources in Canada.

1.6 After the development according to clause 1.5, 51% of the developed coal products shall be supplied to Party A, and the remaining 49% shall be supplied to Party B. The price of coal products shall be determined with reference to the market price and the principle of appropriate preferential pricing.

1.7 The registered capital of the joint venture is 100 Canadian Dollar.

1.8 Party A, Party B and Party C shall contribute USD \$10 million as the prospecting funding for the precise and detailed prospecting of the first prospecting area and the general survey of resources of other areas of the Bullmoos coalfield, of which Party A shall contribute USD \$5.1 million, Party B shall contribute USD \$2.5 million, and Party C shall contribute USD \$2.4 million. Party A, Party B and Party C guarantee to make the capital contribution within one month after the decision of capital contribution has been reached, to ensure the smooth progress of the prospecting work.

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Article 2. Ownership of Mining Rights

2.1 Party C guarantees that the mining rights and other related property and all rights and interests of all 127.83km² of the Bullmoos coalfield with 20 mine blocks it owns are true, legal, valid, complete, and free from any mortgage or pledge, etc. restricting the exercise of the mining rights. The property is licensed (Coal Act LICENCE) by the Mineral Titles Branch of the Ministry of Natural Resource Operations, BC, with Land Use License No. 417759-417778.

2.2 The unit price of the resource shall be calculated at RMB ¥1/ton. The quantity of resources in the first prospecting area shall be calculated according to the results of the geological prospecting report and after deducting the resources quantity restricted to be mined according to Canadian federal and local laws and regulations and relevant regulations. For the rest of the areas, the coal resources shall be calculated at 50% of the Resource Abundance Index of the first prospecting and after deducting the resources quantity restricted to be mined according to Canadian federal and local laws and regulations and relevant regulations. The range of reserves calculation is based on the average coal thickness greater than or equal to 1.5 metres (the minimum coal thickness greater than or equal to 1.0 metre used in the calculation of resources), and the burial depth is calculated as shallower than 1,000 metres.

2.3 From the date of signing this agreement, Party C shall not use any piece of property or rights and interests of Bullmoos Coalfield to cooperate with other parties or use them as mortgage or pledge.

2.4 If Party A and Party B eventually decide to continue to invest and develop this project according to the agreement in Article 4, Party C shall transfer the mining rights of Bullmoos coalfield to the joint venture at a price calculated according to the method stipulated in Clause 2.2 of this agreement for the resources to be developed by the joint venture.

Article 3. Geological Prospecting

3.1 The prospecting plan for coal resources in the first prospecting area and the

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entire coalfield shall be determined by the three parties of the joint venture through negotiation. The initial prospecting area is preliminarily set to 60 square kilometres.

3.2 The three parties of the joint venture agree to carry out the development project of Bullmoos coalfield in phases, the joint venture shall first carry out the geological prospecting work in the first prospecting area of the Bullmoos coalfield, and the prospecting accuracy shall meet the requirements of mine construction design. Subsequently, according to the results of geological prospecting, it shall be determined whether to carry out further development work.

3.3 The geological prospecting of the entire Bullmoos coalfield shall be organized by the joint venture. Firstly, according to the transportation conditions and coal seam occurrence conditions, the first prospecting area shall be determined, with an area of approximately 60 square kilometres, with 15 square kilometres in the first prospecting area carved out to achieve the precision exploration accuracy, and the remaining 45 square kilometres to achieve the detailed exploration accuracy. The coal resource general survey in other areas of the coalfield shall be completed.

Article 4. Cooperative Development

4.1 If the results of geological prospecting show that the Bullmoos coalfield meets the investment standards of Party A and Party B, Party A and Party B shall make a decision on whether to continue the investment and development within one month after the formal submission of the geological report, then, according to the provisions of Clause 1.5:

4.1.1 Within 3 months after the completion of the geological prospecting report, Party A and Party B shall complete the relevant decision-making procedures according to their respective articles of association and their internal decision-making procedures and authority, form investment decisions and sign a formal development agreement.

4.1.2 Party A and Party B shall apply for and strive to complete the domestic approval procedures for the cooperative development of the Bullmoos coalfield project within 6 months after signing the formal development agreement.

4.1.3 Other matters related to the cooperative development of the Bullmoos

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coalfield project shall be specified in the separately signed development agreement.

4. 2 If the results of geological prospecting do not meet the investment standards of Party A and Party B, and Party A and Party B have made a decision not to continue to invest in the development of the Bullmoos Coalfield, then:

4. 2. 1 Within 3 months from the date of Party A and Party B's decision not to continue investing in the development of the Bullmoos coalfield, Party C shall unconditionally refund the accumulated capital invested by Party A and Party B in the joint venture; Party A and Party B shall withdraw from the joint venture, and the joint venture shall be taken over by and become the sole responsibility of Party C; Party C shall own the results of geological prospecting.

4. 2. 2 Party C shall use its shares in Canadian Kailuan Dehua Mines Inc. as guarantee. Should Party C fail to refund the accumulated capital invested by Party A and Party B in the joint venture within 6 months from the date of Party A and Party B's decision not to continue investing in the development of the Bullmoos coalfield, it shall use its shares in Kailuan Dehua Mines Inc. as refund for Party A and B's capital investment for the joint venture. After that, Party A and Party B shall withdraw from the joint venture, and the joint venture shall be taken over by and become the sole responsibility of Party C; Party C shall own the results of geological prospecting.

Article 5. Guarantee

5. 1 All three parties to the joint venture guarantee the authenticity, completeness and accuracy of all the information provided during the cooperation process, and promise and guarantee that they will bear all legal responsibilities for material omissions, false representations and intentional concealment of any project information in this agreement.

If any party violates the provisions of the preceding paragraph, the observant party/parties shall have the right to terminate the cooperation and demand the breaching party to compensate all economic losses.

5. 2 The three parties to the joint venture guarantee and undertake to provide each other with information on resources, technology, management, etc. involved in the project

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cooperation, and to ensure their completeness and accuracy.

5.3 The three parties to the joint venture guarantee the legitimacy of their capital contributions to the joint venture, and that the investment in the project has obtained or will obtain the required approval of the general meeting of shareholders (shareholders' meeting) or the board of directors and the higher authorities.

5.4 Without the written consent of the three parties to the joint venture, none of the parties shall disclose the information in the joint venture prospecting to any third party, and shall not disclose to any third party information about the progress of the joint venture and the construction of the joint venture project at will. Information that needs to be disclosed in accordance with Chinese laws, regulations and stock exchanges is excluded, and the confidential matters involved are bound by the confidentiality agreement signed by the three parties.

Article 6. Breach of Contract

If any party fails to perform any of its obligations or commitments under this agreement and causes losses to the other party/parties, the party in breach of the agreement shall be liable for compensation for the losses.

Article 7. Miscellaneous

7.1 Any disagreements, disputes or claims arising from the interpretation or performance of this Agreement or in connection with this Agreement shall be resolved by the three parties through friendly negotiation as far as possible.

7.2 If within thirty (30) days after one party submits the matter to the other parties to the joint venture, the three parties cannot reach a solution through friendly negotiation, the matter shall be solved through arbitration by the China International Economic and Trade Arbitration Commission in accordance with its then applicable arbitration rules.

7.3 This agreement is in nine originals, and each of the three joint venture parties holds three copies.

7.4 This agreement constitutes the "Joint Venture Prospecting Agreement" confirmed by the three parties to the joint venture. The specific matters, rights and

[Translation]

obligations in the joint development shall be further clarified in the "Cooperative Development Agreement" signed by the three parties, without violation to this agreement.

7.5 signing, performance and amendmant of this agreement shall be governed by the laws of the People's Republic of China.

7.6 This agrcement shall come into force from the date of signing.

Canada Zhonghe Investment Ltd.

Legal Representative

or Authorized Representative: [Signature]

Hebei Iron & Steel International Holding Co., Ltd.

Legal Representative

or Authorized Representative: [Signature] (authorized signature)

[Stamp] For and on behalf of HEBEI IRON & STEEL
INTERNATIONAL HOLDING CO., LIMITED

Canadian Dehua International Mines Group Inc.

Legal Representative

or Authorized Representative: [Signature]

Date of Signing: May 25, 2011

Location of Signing: Tangshan, China

-End of Translation-



Canada Zhonghe Investment Ltd.

(加拿大中和投资有限责任公司)

与

Hebei Iron & Steel International Holding Co., Ltd.

(河北钢铁国际控股有限公司)

与

Canadian Dehua International Mines Group Inc.

(加拿大德华国际矿业集团公司)

之

**关于合资勘探
加拿大 Bullmoos 煤田协议**

二〇一一年五月二十五日

中国·唐山

Hebei Iron & Steel
河北钢铁集团

关于合资勘探加拿大 Bullmoos 煤田协议

甲方: Canada Zhonghe Investment Ltd.

(加拿大中和投资有限责任公司)

乙方: Hebei Iron & Steel International Holding Co., Ltd.

(河北钢铁国际控股有限公司)

丙方: Canadian Dehua International Mines Group Inc.

(加拿大德华国际矿业集团公司)

Canada Zhonghe Investment Ltd. (加拿大中和投资有限责任公司) 是开滦能源化工股份有限公司于 2009 年 12 月 22 日在加拿大联邦政府注册成立的全资子公司, 主要负责在加拿大的煤矿并购和煤炭资源开发等相关投资工作。开滦能源化工股份有限公司(以下简称开滦股份)是开滦(集团)有限责任公司控股的上市公司, 是主要从事煤炭开采及洗选加工、煤化工产品生产加工的大型能源化工企业, 现开滦股份已具备了 890 万吨/年的原煤生产能力, 年产精肥煤 300 多万吨。下属的煤炭业务子、分公司六家; 开滦股份的煤化工产业已形成了焦炭 720 万吨/年、甲醇 20 万吨/年、焦油加工 30 万吨/年、粗苯加氢精制 20 万吨/年的生产能力。下属的煤化工子公司七家, 已形成“煤、焦、化”综合发展的战略格局。

Hebei Iron & Steel International Holding Co., Ltd. (河北钢铁国际控股有限公司) 是河北钢铁集团有限公司在香港设立的全资子公司, 主要从事国际贸易与投资工作。河北钢铁集团有限公司是由唐山钢铁集团、邯郸钢铁集团强强联合组建而成的中国最大、全球第二的特大型钢铁集团。拥有唐钢、邯钢、宣钢、承钢、舞钢、矿业、石钢、国贸、衡板、京唐、宣工、燕山大酒店等 13 个控股或参股子公司, 以及销售

总公司、采购总公司两个分公司和钢铁技术研究院、战略研究院。集团总部坐落在河北省石家庄。

Canadian Dehua International Mines Group Inc. (加拿大德华国际矿业集团公司)是在北美开发煤炭资源的公司,注册于加拿大不列颠哥伦比亚省(以下简称“哥伦比亚省”)温哥华市,合法拥有位于加拿大哥伦比亚省东北部、面积为 127.83 km²的 Bullmoos 煤田的煤炭资源的矿业权,共 20 个区块的煤炭矿业权构成整装煤田。

甲、乙、丙三方经充分协商,为尽快推进加拿大 Bullmoos 煤田项目达成如下协议条款:

第 1 条 成立合资公司

1.1 甲、乙、丙三方共同在加拿大不列颠哥伦比亚省温哥华市注册成立了合资公司—Canadian Bullmoos Mines Co., Ltd. (加拿大布尔默斯矿业有限公司,下称“合资公司”);甲、乙、丙三方在合资公司中的股比分别为 51%、25%和 24%。

1.2 合资公司董事会由 5 名董事组成,其中甲方委派 3 名,乙方委派 1 名,丙方委派 1 名。合资公司董事长由甲方委派的董事担任。

1.3 甲、乙、丙三方在地质勘探工作结束后均有权保留和转让各自的股权,转让股权时需要征得其它两方同意,甲、乙、丙三方享有优先购买权,但协议各方向其母公司集团内部成员转让股权的内部重组行为不属于向第三方转让股权,无须征得其它方同意,且其它方同意放弃优先购买权。

1.4 各方在合资公司中的股权比例一旦发生变更,则各方委派的董事人数、董事长的提名等也应尽可能地反映变更后的股权比例。

1.5 合资公司须全面、高效的完成 Bullmoos 煤田首勘区精查与详查的地质勘探工作,完成煤田其它区域煤炭资源普查。如果地质勘探结果表明该区域煤炭资源符合甲、乙方投资标准,三方继续合作开发 Bullmoos 煤田,由合资公司作为主体共同开发,并以首期建设年产精煤 300 万吨以上大型矿井为基础,继而开发 Bullmoos 煤田和加拿大其它煤炭资源,实现三方在加拿大开发煤炭资源的发展战略。

1.6 根据第 1.5 款的约定进行开发后，开发的煤炭产品按 51%比例供应甲方，其余 49%供应乙方，煤炭产品价格参照市场价格并考虑适当优惠的原则确定。

1.7 合资公司注册资本 100 加元。

1.8 甲、乙、丙三方出资 1000 万美元作为 Bullmoos 煤田首勘区精查与详查、其它区域资源普查的勘探费用，其中甲方出资 510 万美元，乙方出资 250 万美元，丙方出资 240 万美元。甲、乙、丙三方保证在作出出资决定后 1 个月内出资到位，以保证勘探工作进行顺利。

第 2 条 矿业权

2.1 丙方保证其拥有矿业权的 Bullmoos 煤田全部 127.83km² 共 20 个区块资产的矿业权及其它相关资产和所有权益真实、合法、有效、完整且无任何抵押、质押等限制行使矿业权的情形。该资产由 BC 省自然资源经营部矿业办公室 (Ministry of National Resource Operations Mineral Titles Branch) 颁发了许可证 (Coal Act LICENCE)，土地使用证号为：417759-417778。

2.2 资源价款单价按 1 元/吨人民币计算。首勘区内资源量按照勘探地质报告结果并扣除根据加拿大联邦和当地法律法规要求及相关规定限制开采的资源量计算，剩余区域内的煤炭资源量按照首勘区资源丰度系数 50%并扣除根据加拿大联邦和当地法律法规要求及相关规定限制开采的资源量计算。储量计算范围按煤厚平均大于等于 1.5 米 (最小煤厚大于等于 1.0 米参与资源量计算)，埋深按 1000 米以浅计算。

2.3 自本协议签署之日起，丙方不得用 Bullmoos 煤田任何一块资产和权益与其它方合作或进行抵押、质押等行为。

2.4 如果甲、乙方根据本第 4 条的约定，最终决定继续投资开发，则丙方应当以本协议第 2.2 款约定的计算标准将 Bullmoos 煤田矿业权作价转入合资公司，以供合资公司开发。

第 3 条 地质勘探

3.1 首勘区及整个煤田煤炭资源的勘探方案由合资三方共同协商确定。初定首勘区面积 60 平方公里。

3.2 合资三方同意 Bullmoos 煤田开发项目分阶段进行,由合资公司先实施 Bullmoos 煤田首勘区的地质勘探工作,勘探精度达到建矿设计要求。然后,根据地质勘探的成果确定是否进行下一步开发工作。

3.3 整个 Bullmoos 煤田的地质勘探工作由合资公司组织实施。首先根据交通条件、煤层赋存条件确定首勘区,面积约 60 平方公里,首勘区内确定 15 平方公里达到精查勘探精度,其余 45 平方公里达到详查勘探精度。在煤田其它区域完成煤炭资源普查。

第 4 条 合作开发

4.1 若地质勘探的结果表明 Bullmoos 煤田符合甲、乙方的投资标准,甲、乙方应在地质报告正式提交后一个月时间内做出是否继续投资开发的决定。根据第 1.5 款的约定,则:

4.1.1 在地质勘探报告完成后 3 个月内,甲、乙双方按各自的公司章程及其内部决策程序和权限完成相关的决策程序,形成投资决策并签订正式开发协议。

4.1.2 甲、乙方在签订正式开发协议后申报并争取 6 个月内完成合作开发 Bullmoos 煤田项目的国内审批手续。

4.1.3 合作开发 Bullmoos 煤田项目的其它相关事宜在另行签署的开发协议中详细约定。

4.2 如果地质勘探结果不符合甲、乙方的投资标准,且甲、乙方做出不继续投资开发 Bullmoos 煤田的决定,则:

4.2.1 在甲、乙方作出不继续投资开发 Bullmoos 煤田的决定之日起 3 个月内,丙方应无条件退还甲、乙方累计向合资公司投入的资金;丙方全部退还甲、乙方投入的资金后,甲、乙方退出合资公司,合资公司由丙方接管和负责;地质勘探成果归丙方所有。

4.2.2 丙方用其在加拿大开滦德华矿业公司的股权作担保。丙方在甲、乙方做出不继续投资开发 Bullmoos 煤田的决定之日起 6 个月内不能向甲、乙方退还其累计向合资公司投入的资金,用其在开滦德华矿业公司中的股权偿还甲、乙方的勘探出资。之后,甲、乙方退出合资公司,合资公司由丙方接管和负责;地质勘探成果归丙方所有。

第5条 保证与承诺

5.1 合资三方均保证在合作过程中所提供的全部资料的真实性、完整性和准确性，并承诺和保证对本协议中的所有项目资料存在的重大遗漏、虚假陈述和故意隐瞒等承担一切法律责任。

任何一方违反前款规定的，守约方有权终止合作并要求违约方赔偿一切经济损失。

5.2 合资三方保证并承诺相互提供项目合作所涉及的有关资源、技术、管理等方面的资料并保证其完整和准确。

5.3 合资三方保证其向合资公司出资的合法性，并保证该项目的投资行为已获得或将要获得所需的股东大会（股东会）或董事会、上级主管部门的批准。

5.4 未经合资三方的书面同意，任何一方不得将合资勘探中的资料泄露给第三方，也不得随意向第三方透漏有关合资公司进展及有关合资项目建设等信息。但按照中国法律、法规和证券交易所需要披露的信息除外，涉及的保密事项受三方签订的保密协议约束。

第6条 违约责任

若任何一方因未履行其在本协议项下的任何义务或承诺，而给其它方造成损失的，违反协议的一方应当承担赔偿损失的责任。

第7条 附则

7.1 凡因解释或履行本协议或与本协议有关而引起的任何争议、争论或索赔，三方应尽量通过友好协商解决。

7.2 如果由一方向其它合资方呈交该事宜后的三十（30）天内，三方不能通过友好协商达成解决办法，则该事宜应在中国国际经济贸易仲裁委员会，按其当时适用的仲裁规则进行仲裁解决。

7.3 本协议一式九份，合资三方各执三份。

7.4 本协议为合资三方确认的《合资勘探协议》，合作开发中具体事宜以及权利和义务需在合资三方签署的《合作开发协议》中进一步予以明确，但不得违背本协议。

7.5 本协议的签订、履行、修改等均适用中华人民共和国法律。

7.6 本协议自签订之日起生效。

Canada Zhonghe Investment Ltd.

(加拿大中和投资有限责任公司)

法定代表人

或授权代表:



Hebei Iron & Steel International Holding Co., Ltd.

(河北钢铁国际控股有限公司)

For and on behalf of
HEBEI IRON & STEEL INTERNATIONAL HOLDING CO., LIMITED
河北鋼鐵國際控股有限公司

法定代表人

或授权代表:


Authorized Signature

Canadian Dehua International Mines Group Inc.

(加拿大德华国际矿业集团公司)

法定代表人

或授权代表:



签约时间: 二〇一一年五月二十五日

签约地点: 中国·唐山

This is **Exhibit "G"** referred to in the Affidavit of Naishun Liu sworn before me at Vancouver, British Columbia on this the 31 day of May, 2022.



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加拿大 BULLMOOSE 煤田勘查区

煤炭资源普查报告

开滦能源化工股份有限公司

2013 年 2 月 2 日

加拿大 BULLMOOSE 煤田勘查区

煤炭资源普查报告

报告提交单位：开滦能源化工股份有限公司（盖章）

法人代表：裴华

报告编制单位：唐山开滦建设（集团）有限责任公司（盖章）

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摘要

2010年，由德华公司与开滦（集团）能源化工股份公司、河北钢铁（集团）合资成立加拿大布尔默斯矿业公司，合作开发布尔默斯煤田，取得了 BULLMOOSE 煤田面积 128km² 煤炭资源勘探开采权。首先进行了普查工作，目的是为矿井建设的可行性研究和初步设计提供地质资料。

本次勘查前后共钻探施工 28 个地质钻孔，其中未见煤钻孔 4 个，总计钻进进尺 20803.90m。

本次勘探查明了含煤地层时代和沉积特征，揭露了主要可采及局部可采煤层组 4 个煤层，参与资源量估算的 3 个煤层分别为 BC、D 和 E1 煤层；主要可采煤层为 D 和 E1 煤层。BC 煤层不稳定，可采范围小，而且距离下部煤层间距大，煤层厚度变化比较大，煤层稳定类型为较不稳定型。

岩层倾角变化大，褶曲与断层发育，目前揭露了 3 条大断层，落差分别为 220-830m、70-350m、150m。构造类型为复杂类型。

获得了有关的煤层煤质的资料，初步确定了可采煤层的煤质以焦煤为主，少量 1/3JM，其中焦煤类资源量占 75%以上，大致了解了区内水文地质、工程地质和环境地质条件，开采技术条件属于中等。

在井田范围内共获得总资源量 29076 万吨。全部为推断的资源量（333）。其中平均煤厚小于 1.50m 块段的资源量占 5999 万吨；压覆资源量占 2104 万吨（包括输电线路、输气管道和断层保护煤柱等）；其中 BC 煤层占 3504 万吨（暂时无法开采），实际可利用的资源量只有 18157 万吨。

第一章 绪论

第一节 勘查目的和任务

一、目的

对BULLMOOSE煤田区域即井田范围内进行勘查工作，提高资源储量级别，寻求煤炭资源量，为煤矿建设可行性研究和初步设计提供可靠的地质依据。

二、任务

具体任务如下：

1. 在BULLMOOSE煤田勘查区范围内（0~1000m范围内）开展勘查工作，探求资源量；
2. 初步查明勘查区构造形态，评价其构造复杂程度；
3. 初步查明可采煤层层位、厚度及主要可采煤层的分布范围；确定可采煤层煤类和煤质特征，评价可采煤层稳定程度；
4. 初步了解水文地质、工程地质及环境地质条件等开采技术条件；
5. 预期获得资源量3亿吨。
6. 提交勘查报告。

第二节 勘查区位置、交通与气候

一、勘查区位置、范围

此次勘查区位于加拿大不列颠哥伦比亚省东北部，位于 Tumble Ridge 镇西北部约 20km 处。勘探深度 480~1110m。南北向长约 15.6km，东西向宽约 13.5km，勘查区面积约 128km²，其中驯鹿保护区占 28 km²。

二、勘查区交通与气候

勘查区位于 BC 省东北部的布尔默斯煤炭资产地，其盖森煤田位于 BULLMOOSE 煤田西北部约 150km，29 号 BC 省高速公路从资产地的东北部边缘经过。附近较大城市有 CHETWYND 市、Dawson Creek 市、Grand Prairie 市等，温哥华位于资产地西南部约 1200km。勘查区交通位置见图 1-1：交通位置图。

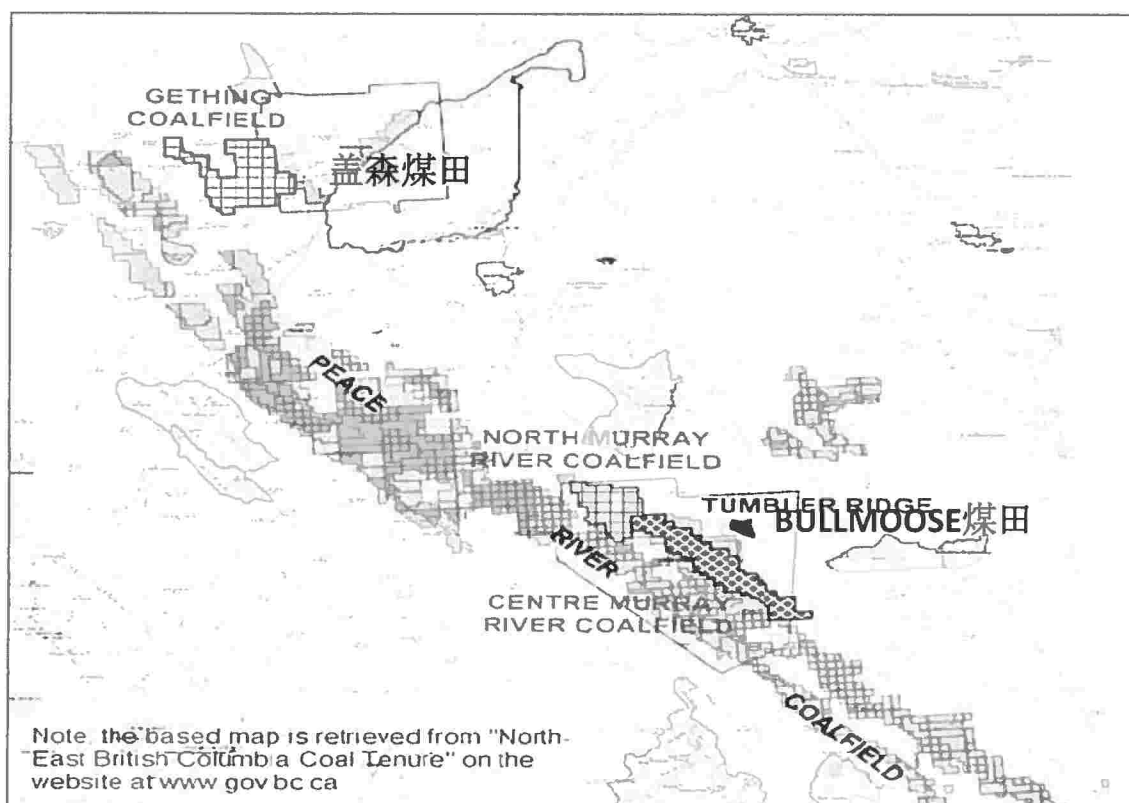


图 1-1：交通位置图

Wolverine Road 和 Bullmoose Mine Road 与 29 号高速公路相连，通过这两条路可进入资产地的南部和中部，特别是 Bullmoose Mine Road，是一条归市政府管理的公用道路，道路宽阔、平坦，适合大型车辆通行。加拿大国家铁路（CN RAIL）在资产地附近通过，将来生产的煤炭可通过铁路运往港口，供给海外用户。

布尔默斯煤田范围内的地势崎岖，主要的河流为 Bullmoose 小溪，汇聚整个资产区内表水，流入墨玉河。海拔高程范围是 950m（最低处的河流处）至 1800m（南部山脊以及山顶区域）。

此区域为大陆型高原气候，地表全部被茂密的森林覆盖，特点是夏季温暖、时间短，冬天冷、时间长。在 7 月和 1 月的平均温度分别为 15.3 度和 -10.4 度。1 月至 3 月，最低温度可降至 -40 度以下。年平均降雨量为 551 毫米，每年的雪厚可达 1.85m，从 10 月至 7 月积雪。

第三节 以往地质工作

外围油气井、露天煤矿煤层显示以及在勘查区紧邻外围有多个以往完钻的油气井，依据现有资料，煤层显示丰富。区外周边油气井见煤层标高见表 1-1：周边油气井见煤层标高一览表。

区内只做过地震工作，没有钻探工作即无以往施工钻孔。通过地震剖面显示，有煤层存在。

表 1-1：周边油气井见煤层标高一览表

井号	井口标高(m)	坐标(E)	坐标(N)	A 煤层底板标高	B 煤层底板标高	C 煤层底板标高	D 煤层底板标高	E 煤层底板标高
A062F093P03	1208.7	610451.1	6111392	457.7	438.7	427.7	375.7	343.7
AA043E093P03	1640.4	601823.2	6109163	537.4	531.4	525.9	514.9	510.4
A086K093P03	1033	607151.9	6122213	63	46.5	41.75	-13.7	-33
B076K093P03	1067.8	606825.9	6121579	350.8	346.3	325.8	303.8	294.8
B093L093P03	1050.9	601005.8	6123119	343.9	337.9	326.9	273.9	156.9

第二章 勘查工作及其质量评述

第一节 勘查方法及工程布置

一、第四纪冲积层不整合于白垩纪地层之上，主要岩性为砂砾岩、粘土等，厚度变化范围较大，高山处厚度较薄，河流及地势平坦处厚度大，变化范围 1—126m，平均 43.9m。地形为丘陵与山地，地势不平坦，高差起伏。

主要采用钻探方法对勘查区进行了勘查工作。

二、外围油气井、露天煤矿煤层显示以及二维地震资料解释成果，勘查区属于地质构造复杂，煤层较稳定的类型，结合国内《煤、泥炭地质勘查规范》，本次钻探施工按照钻探工程线距为 1000-2000m 划分为推断资源量（333）。局部外推 1/4 划分了推断资源量（333）。其余地段无任何工程，控制程度太低无法预测资源量。

三、根据以上勘查类型和网度，本次勘探布置施工了 28 个地质勘查钻孔，分布在 7 个剖面线上。

第二节 勘查工程质量评述

一、测量工作

孔位测量工作由 KAMLOOPS BC 的 PROACTION 公司（IPAC）完成的，他们使用了微分 GPS 技术。所有钻孔采用的都是垂直定位。

各个钻孔坐标测量成果见表 2-1 所示。

二、钻探勘查工作

从 2011 年 9 月 1 日~2012 年 1 月 20 日，对 BULLMOOSE 煤田进行了第一阶段普查勘探。三家公司累计施工完毕钻孔 8 个，分别是 1#、2#、3#、4#、6#、7#、11#、14#孔；未施工完毕钻孔 1 个为 20#孔。累计总进尺 8038.7m。从 2012 年 1 月 21 日至 4 月，加拿大德华公司已自行完成了

表 2-1 钻孔坐标测量成果表（加拿大地区 1.5 度）

坐标 钻孔	加拿大 1.5 度带		地表标 高 (m)	坐标 钻孔	加拿大 1.5 度带		地表标 高 (m)
	经距 (m)	纬距 (m)			经距 (m)	纬距 (m)	
P3-BMR-03(1#)	608777.70	6117736.20	1261.80	P1-BMR-03(19#)	598972.89	6119950.27	1358.26
P3-BMR-06(2#)	604435.80	6119566.90	1013.50	P1-BMR-04(20#)	599760.34	6120287.83	1283.87
P1-BMR-27(3#)	600795.00	6116073.30	1039.70	P1-BMR-29(22#)	602014.69	6117505.38	1056.66
P3-BMR-07(4#)	599395.64	6122711.04	1060.36	P1-BMR-06(23#)	602764.32	6119639.33	1032.69
P3-BMR-05(6#)	608532.40	6120954.10	986.50	P3-BMR-08(24#)	598484.77	6121587.43	1154.88
P1-BMR-15(7#)	600700.70	6118427.20	1085.10	P1-BMR-05(25#)	600736.50	6120003.10	1169.20
P1-BMR-21(8#)	601117.80	6117961.60	1028.70	P1-BMR-19(26#)	600296.30	6117652.50	1082.70
P1-BMR-25(9#)	600650.70	6116798.90	1026.60	P1-BMR-14(27#)	601351.40	6118724.10	1063.00
P1-BMR-13(11#)	601724.60	6119270.90	1068.60	P1-BMR-34(S1#)	602660.40	6116524.83	1171.71
P1-BMR-12(12#)	600926.60	6119221.20	1122.40	P1-BMR-39(S6#)	603234.90	6115220.40	1337.96
P1-BMR-11(13#)	600180.50	6118879.70	1174.10	P1-BMR-51(S2#)	604733.60	6114804.30	1397.40
P1-BMR-10(14#)	599311.80	6118911.60	1362.70	P3-BMR-01(S4#)	605411.95	6117033.40	1111.04
P1-BMR-16(15#)	599428.03	6117910.55	1250.91	P2-BMR-10(S3#)	606963.02	6112602.40	1398.12
P1-BMR-07(17#)	600301.75	6119283.75	1243.45	P3-BMR-02(S5#)	608425.40	6115688.30	1357.57

表 2-2 区内本次施工钻孔一览表

序号	孔号	终孔深度 (m)	见煤情况	序号	孔号	终孔深度 (m)	见煤情况
1	P3-BMR-03(1#)	996.00	未见煤	15	P1-BMR-03(19#)	689.00	4 层,4 层可采
2	P3-BMR-06(2#)	1009.00	4 层,2 层可采	16	P1-BMR-04(20#)	952.18	3 层,3 层可采
3	P1-BMR-27(3#)	882.00	3 层,2 层可采	17	P1-BMR-29(22#)	693.00	4 层,1 层可采
4	P3-BMR-07(4#)	846.00	1 层,1 层可采	18	P1-BMR-06(23#)	747.00	未见煤
5	P3-BMR-05(6#)	1108.66	3 层,2 层可采	19	P3-BMR-08(24#)	651.00	3 层,3 层可采
6	P1-BMR-15(7#)	1021.70	4 层,4 层可采	20	P1-BMR-05(25#)	678.10	4 层,3 层可采
7	P1-BMR-21(8#)	493.50	3 层,1 层可采	21	P1-BMR-19(26#)	849.00	3 层,3 层可采
8	P1-BMR-25(9#)	663.00	3 层,1 层可采	22	P1-BMR-14(27#)	735.00	4 层,3 层可采
9	P1-BMR-13(11#)	980.00	4 层,2 层可采	23	P1-BMR-34(S1#)	675.00	3 层,2 层可采
10	P1-BMR-12(12#)	786.00	4 层,3 层可采	24	P1-BMR-39(S6#)	481.00	3 层,2 层可采
11	P1-BMR-11(13#)	552.00	4 层,3 层可采	25	P1-BMR-51(S2#)	679.00	3 层,2 层可采
12	P1-BMR-10(14#)	1062.00	4 层,4 层可采	26	P3-BMR-01(S4#)	947.00	未见煤
13	P1-BMR-16(15#)	837.86	4 层,4 层可采	27	P2-BMR-10(S3#)	776.00	4 层,3 层可采
14	P1-BMR-07(17#)	765.00	4 层,4 层可采	28	P3-BMR-02(S5#)	890.00	未见煤
合计		12002.72		合计		8801.18	

20#孔、22#孔、9#孔、15#孔、19#孔、17#孔、24#孔共计七个钻孔的施工任务，累计总进尺为 5250m。

2012 年 4 月以后，又施工了 13 个钻孔，Bullmoose 煤田总计施工钻孔 28 个，累计进尺 20803.90m。

其中 1#、23#、S4#和 S5#四个钻孔未见煤。各钻孔终孔深度及见煤情况见表 2-2。

三、地球物理数字测井

1、采用的测井组合方法

加拿大 WEATHERFORD 测井公司对此次施工钻孔进行了测井工作，过程中进行了多种方式的测井，但是有些方法只在少数钻孔中采用了。

(1) 标准的测井组合包括：

密度、GAMMA、电阻率、井径测量、孔斜测量、垂直性（偏移）

(2) 补充的测井方法包括：

声波、温度、能谱伽玛、中子孔隙度测井

2、测井程序

在孔内下 HWT 套管前的测井，对孔底以上取芯段测井，在刚性套管内采用 Gamma 和密度测井，即使在出现孔壁塌落的情况下也能保证数据接收到。起出套管后，再进行一次包括 Gamma 和密度在内的测井。

由于测井工具不能实测到孔底，旋转钻孔部分会在孔底有一段数据缺失。为了保证得到垂直性测量数据，要求了地球物理测井包括整个取芯段以上的全部钻孔测井数据。由于钻孔孔斜数据小，可以忽略不计，未考虑钻孔的偏斜距离。

四、测试与化验工作

河北省煤田地质研究所质检中心对加拿大 BULLMOOSE 煤田各个钻孔煤层煤样依据中国国家检验标准进行了化验，并依据中国煤炭分类及分级标准进

行了煤炭种类判定（见检测结果表）。取得了工业分析指标、元素分析、有害元素分析、灰成分分析、煤类及视密度等指标。

五、水文地质工作

本次勘查的阶段为普查阶段，未做专门的水文地质工作。

六、地质编录与资料综合整理

1、地质编录：有专门的国内现场地质技术员，负责对钻孔的技术要求、地质编录和见煤预告等技术工作，按照设计要求形成一套完整的原始记录，同时项目技术负责人每天到现场进行监督和检查日常工作进展情况和施工质量。钻孔终孔测井后进行现场初步验收，然后进行室内综合收。

2、煤层成果的采用原则：对于复结构煤层，按照钻探和测井质量综合采用；对于单一煤层，如果钻探采取率大于 80%，厚度、深度采用钻探资料，如果采取率低，深度采用钻探，厚度全部采用测井资料。

3、资料整理：完成野外工作之后，现场技术员把原始资料上交到公司技术部，由技术负责人结合测井资料进行综合分析和对比，开展综合分析研究，最后形成综合成果资料，并进入计算机绘制成果图件及有关插图、附表等。

第三章 区域地质

第一节 区域地层

根据区域地质资料，煤田内主要的地层为早白垩纪 Bullhead 统和 Fort st.John 统。Bullhead 统包括主要含煤地层 Gething 组，Fort st John 统包含主要含煤地层 Gates 组和 Boulder Creek 组。

Bullmoose 勘查区为早白垩纪地层，从上至下发育 8 个地层组，依次为 Kd、KS(Kc、Kgo、Kha)、Kb、Kh、Kg、Kge 和 Kcd。各组地层的厚度分别为 400m；90m；80m；400m；137m；103m；210m；208m；300m；

50m。由于 Kha 以上地层资料较少，对 Kd、Kc、Kgo 厚度如何划分还需进一步做工作。根据目前本区勘探成果，基本确定本区自上而下的地层层序及发育特征。本区地层自上而下发育有 Kd、KS(Kc、Kgo、Kha)、Kb、Kh、Kg、Kge 和 Kcd。Kd 仅在 1#孔揭露底部少量层段，Ks 在 1#孔有大段揭露。其余各孔揭露地层基本为 Kha 以下层位。

Kha 以下地层目前已经可以进行准确岩性对比，各组内的标志层也已经掌握。Kha 的岩性主要为粉砂质泥岩，层理十分发育，其与 Kb 的接触面为薄层砾岩，Kb 组最明显特征为铝土质泥岩十分发育，并伴随有煤层及砾岩出现。Kh 组最明显特征为泥岩中发育有灰岩。Kg 组特征为发育可采煤层，其中 E 煤层底板砾岩普遍发育，应认定为 E 煤层所具有的标志层；另外 D 煤层顶板薄层砾岩也普遍发育，是 D 煤层的标志层。Km 主要为厚层纯泥岩；进入 Kge 的标志为海绿石出现；Kcd 主要岩性为砾岩。

从本区地层和煤层发育情况分析，各孔厚度变化较大，说明本区相变剧烈，沉积环境有很大变化，造成褶曲紧密而极其发育，对煤层发育不利。

从已勘探完毕的钻孔资料分析，本区域内有三组含煤地层，即 Kb、Kg 和 Kge。从钻孔揭露情况分析，Kb 内的 BC 煤层局部达到可采，Kg 内的 D、E1 二层煤局部达到可采，Kge 内的煤层埋藏太深，基本都在 1000m 左右，并且未达到经济可采厚度。

盖森组的特征是互层状的、从中粒到细粒、灰色到深灰色砂岩，灰色到黑色的泥岩，黑色粉砂岩以及煤层等。盖森岩层组的沉积环境为冲积洪水平原，其中的细、粗砂岩表明了洪水泛滥冲积而成，细的粉砂和泥浆以及粘土沉积在水流速低的沼泽地或森林区域。资产区内的煤是在废弃的河渠以及三角洲沉积形成的。在这个区域，盖森组的整体厚度约为 300 米。盖森组是 Bullmoose 煤田最下部含煤地层，根据第一阶段已施工钻孔分析，煤层埋藏深，厚度薄，没有达到经济可采厚度。

直接覆盖在盖森组之上的是 Fort St.John 统地层中的 Moosebar 组。

Moosebar 组标志性岩层主要由深灰到黑色的薄层至团块状泥岩组成，其中富含黄铁矿粒以及薄的火山灰带（又称膨润土带）。Moosebar 组的下部为海绿石砂岩，海绿石层可用于对比煤层关系。

在 Moosebar 组之上为 Gates 组含煤地层，本组的主要特征是互层状的砂岩、泥岩、砾岩以及煤层，发育 A、B、C、D、E1、E2、F 七层煤，局部达到可采厚度的只有 D、E1 二层煤。

Boulder Creek 组是此区域最上部的含煤地层，此组最明显特征为铝土质泥岩十分发育，此组中的 BC 煤层局部达到可采厚度。

第四纪冲积层不整合于白垩纪地层之上，主要岩性为砂砾岩、粘土等，厚度变化范围较大，高山处厚度较薄，河流及地势平坦处厚度大，变化范围 1—126m，平均 43.9m。

Bullmoose 煤田具有经济意义的煤层主要赋存于 Boulder Creek 组和 Gates 组内。煤层在资产区东北部埋藏深，超过 1000m；在西北部埋藏浅，500m 左右即可揭露全部煤层。资产区外围南部和西部数公里外煤层均可露天开采。Gething 组内的煤层埋藏较深，虽然含有五个煤层组，但煤层较薄，都没有达到经济可采厚度。

第二节 区域构造

Bullmoose 勘查区位于前陆构造地带，属于洛基山脉的东部。前陆构造带以已经发生褶皱和断裂的中生代沉积地层为特征，处于东部坡度缓的 Alberta 高原与西部强烈变形的洛基山脉之间。洛基山脉构造带内的典型变形是存在复杂的、强烈的断裂构造、褶曲以及翻转褶皱，很难开采。

Bullmoose 煤田赋存于强烈的断裂构造带内，受强烈的断裂构造影响，煤田西部、南部煤层出露地表，为露天煤矿。

表 3-1 BULLMOOSE 地区地层柱状图

系	统	组	段	岩性描述	
Q			43.9m	松散的泥、砂及卵石互层	
下白垩系(Lower Cretaceous)	Fort St. John	Hasler	400m	主要岩性为泥质粉砂岩，层理十分发育。在煤田东部此组上部覆盖有Goodrich地层，Goodrich地层厚度在400米左右。	
		Boulder Creek	137m	此组最明显特征为铝土质泥岩十分发育，此组中的BC煤层局部达到可采厚度。	
		Hulcross	103m	以泥岩为主，粉砂岩层理发育，沉积2—3层薄层灰岩条带。	
		Gates	210m	A	岩性由泥岩、砂岩、砾岩组成，发育A、B、C、D、E1、E2、F七层煤，其中A、B、C、F四层煤较薄，无开采价值。D煤层平均厚度1.7米，与上部可采煤层BC的间距为215.7米，与下部E1煤层的间距为15.9米。E1煤层平均厚度1.4米，与下部E2煤层间距为5.8米。E2煤层平均厚度0.70米。
				B	
				C	
				D	
	E1				
	E2				
	Bullhead	Moosebar	208m	上部由泥质粉砂岩、砂岩等组成，下部由单调的含有菱铁矿结核的深灰色海相泥岩组成。泥岩平均厚约64米。	
		Bluesky	0.4m	地层极不发育，由厚达0.4米的海绿石砂岩组成，覆盖在Gething组非海绿石砂岩上。直接被Moosebar组的深灰色页岩覆盖。	
		Gething	300m	Superior	该组由细至中粒的深灰色钙质砂岩、泥质粉砂岩和煤层组成。Gething组发育有六个煤层组，但都没有达到经济开采的厚度。
				Trojan	
				Low Trojan	
				Titan	
Falls					
Minnes	Cadomin	50m	不整合覆盖在Minnes 统地层之上。该组地层由砾岩与粗粒石英砂岩互层组成。砾岩中含有1~20厘米直径的燧石和石英碎屑。其中主要成分为燧石和石英颗粒。		
	Nikanassin	2000m	Minnes 统的上部都是由陆相粗砂岩、砾岩与富含植物的粉砂岩、炭质泥岩以及煤层互层组成。下部的地层包括了丰富的海洋生物和海相沉积。		

Bullmoose 煤田先期施工完毕的 8 个钻孔中，除 2#、7#两个钻孔岩层倾角较稳定，其余六个钻孔单孔岩层倾角都发生较大变化，开孔时岩层倾角近水平，在钻进过程中局部层段岩层倾角达到近直立状态。各孔岩层倾角的剧

烈变化反映出断裂构造及褶曲极其发育，3#孔打到断层带内，受逆冲断层影响，E1、E2煤层出现重复，断层落差在130m左右。

7#孔所见岩层倾角变化不大，最大岩层倾角 30° ，而位于7#孔东北部和西北部的两钻孔11#和14#钻孔由于受褶曲影响，岩层倾角和层间距都发生极大变化。

11#孔位于7#孔东北部1330m，640m以上岩层倾角较平缓， 5° 至 15° 间变化；640m以下（进入Moosebar组后），岩层倾角发生急剧变化，最大倾角达 58° ，局部岩层十分破碎。在7#孔，E2煤层至下部海绿石层的间距为305.7m，Moosebar组泥岩的厚度为44m；而在11#孔，E2煤层至下部海绿石层的间距为457.82m，Moosebar组泥岩的厚度为126m；在1330m的距离内，岩层倾角、厚度发生如此大的变化，综合区域地质资料分析，推测11#孔位于背斜的轴部，由于受褶曲牵引，导致岩层倾角及厚度发生剧烈变化。

14#孔位于7#孔西北部1469m处，进入Moosebar组后，14#孔岩层倾角也发生较大变化，最大倾角达 48° ，局部岩层十分破碎。在14#孔，E2煤层至下部海绿石层的间距为374m，与7#孔相比，层间距增大约70m。综合区域地质资料分析，推测14#孔位于背斜的轴部附近，由于受褶曲牵引，导致岩层倾角及厚度发生剧烈变化。

4#孔与东部煤气孔B-93-L的间距为1572m，4#孔在施工过程中岩层破碎，倾角大（大部分岩层倾角在 40° 以上），4#孔在844m见BC煤层，而根据煤气孔资料，B-93-L煤气孔在575m左右见BC煤层。据此推测4#孔与东部煤气孔B-93-L之间发育一条逆断层，断层落差在200m左右。

6#所见岩层破碎、倾角大，推测4#孔附近所见断层延伸至6#孔附近。

9#和15#两钻孔，两钻孔所见岩层倾角较大，分别达到 45° 和 50° ，所见煤层十分破碎，煤芯采取率低，特别是15#孔，D煤层出现重复。综合3#孔的资料分析，推测为3#孔所见F3断层延伸至9#和15#两钻孔附近。

根据目前已施工完毕的钻孔以及二维地震综合分析，推测至少有二条较大

逆断层在 Bullmoose 煤田发育。

一、F1 逆断层

位于勘查区中部，推测落差 220-830m，倾角 40° - 65° ，倾向西南。由钻孔资料和二维地震共同控制，控制程度比较高。

二、F3 逆断层

位于勘查区东北部，推测落差 150m，倾角 64° ，倾向与 F1 相反为东北方向。由钻孔资料和二维地震共同控制，控制程度比较高。

三、F2 逆断层

位于勘查区西南部，推测落差 70-350m，倾角 $54-77^{\circ}$ ，倾向与 F1 相同为西南方向。主要由二维地震控制，控制程度比较低。

四、另外根据已施工完毕的钻孔资料，结合区域地质资料综合分析，我们认为 Bullmoose 煤田内褶曲极其发育，由于受褶曲影响，才导致单孔内岩层倾角及岩层厚度发生剧烈变化，并造成局部岩层极其破碎。各个钻孔地层倾角变化见表 3-2 所示。

Bullmoose 煤田地质构造纲要图见下图（图 3-1）。部分地质剖面图见图 3-2、图 3-3 和图 3-4 所示。

综合分析本区构造复杂程度为复杂类型。

表 3-2 BULLMOOSE 勘查区钻孔见煤厚度及倾向变化一览表

钻孔名称	BC 煤层			D 煤层			E1 煤层		
	见煤深度 (m)	真厚度 (m)	倾向 (度)	见煤深度 (m)	真厚度 (m)	倾向 (度)	见煤深度 (m)	真厚度 (m)	倾向 (度)
2	512.15—512.5	0.35	5	727.39—729.11	1.42	5	740.15—742.2	1.9	5
3				314.82—318.0	2.04	50	369.25—369.8	0.35	50
4	844.00—846.00	1.2	53						
6	752.5—752.75	0.19	40	1033.42—1035.45	1.5	40	1059.12—1063.22	3.14	
7	281.06—282.65	1.54	15	477.84—480.75	2.2	20	493.53—495.16	1.33	20
8	238.85—239.67	0.77	20	435.74—437.95	1.4	20			
9				304.5—306.45	1.12	50	332.65—333.25	0.38	50
11	231.94—233.4	1.46	7	459.04—460.75	1.26	5	481.86—482.1	0.24	5
12	543.65—545.22	1.48	20	741.6—743.67	1.66	25	757.53—759.0	1.33	25
13	311.83—315.31	2.33	20	515.45—517.94	1.92	25	528.61—530.1	1.35	25
14	304.00—307.90	2.92	15	515.45—517.38	2.4	20	528.15—530.25	1.93	20
15	334.9—337.03	1.01	45	675.05—679.0	2.27	55	691.35—694.8	1.98	55
17	518.3—521.86	3.02	15	723.22—725.84	2.29	15	736.59—738.25	1.66	15
19	362.67—365.37	2.05	18	572.06—574.09	2.03	18	590.0—592.0	1.8	18
20	726.92—729.77	2.38	7	923.8—925.55	1.46		940.92—942.88	1.74	
22	403—404.09	0.74	15	604.75—605.68	0.65		612.64—614.1	1	
24	384.08—385.1	0.82	15	612.48—613.83	1.3	15	622.95—623.86	0.93	15
25	319.55—321.58	1.6	38	596.8—601.7	4.01	35	651.4—653.37	1.55	38
26				123.9—127	1.93	30	137.18—138.68	1.3	30
27	479.25—480.2	0.9	25	667.1—669.05	1.49	20	681.93—683.84	1.85	15
S1#				628.06—629.23	0.9	20	642.65—644.47	1.6	20
S6#				250.8—258.1	3.35	60	304.9—307.03	1.3	45
S2#				667.57—671.05	3.32	10	677.42—678.9	1.48	15
S3#	103.95—104.8	0.85		307.7—312.8	4.59	8	317.7—318.91	1.21	8
S5#									

加拿大开滦德华国际矿业集团墨里河煤矿构造纲要图

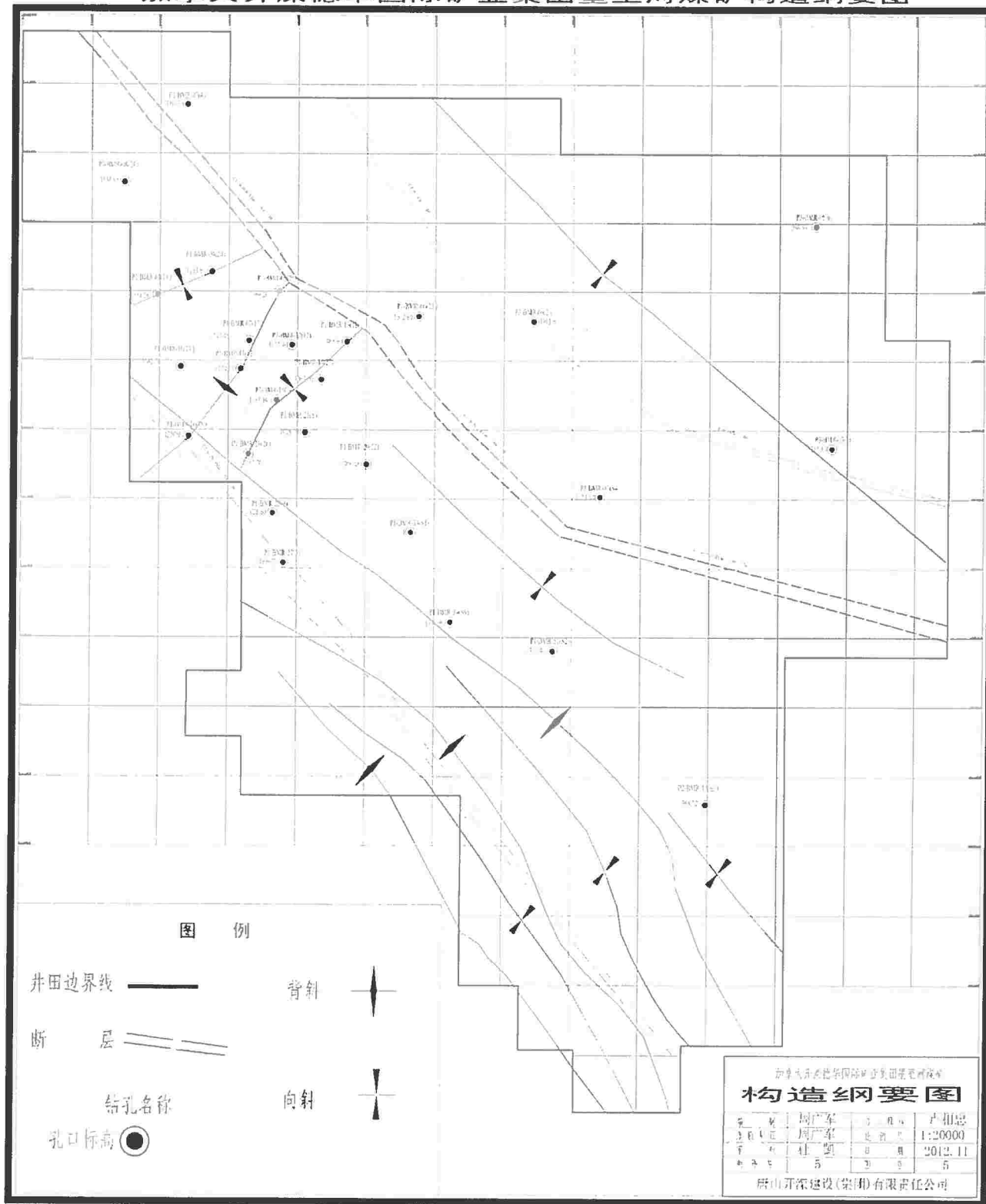


图 3-1 构造纲要图

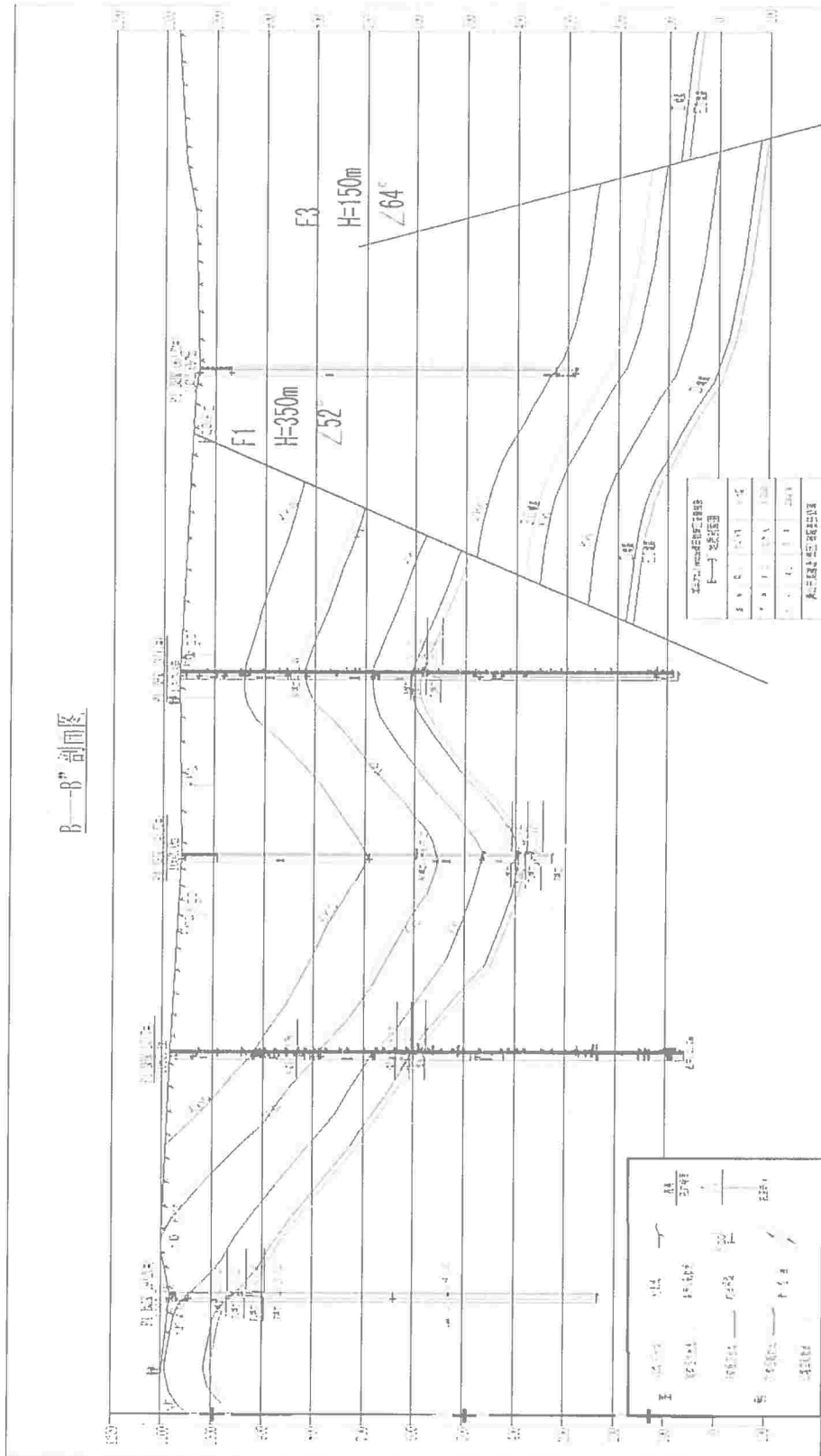


图 3-2 B-B'地质剖面图

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E---E" 剖面图

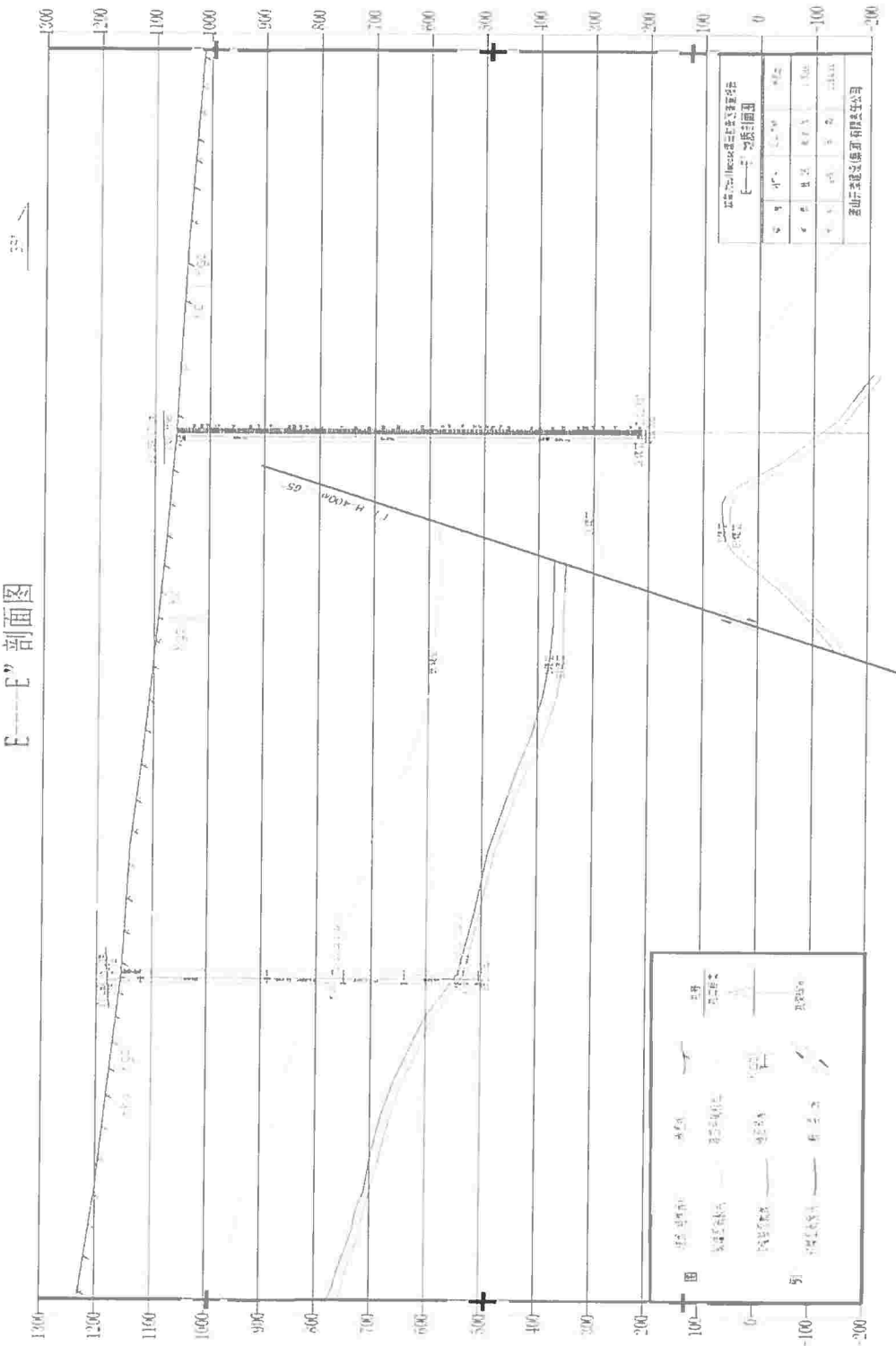


图 3-3 E-E"/地质剖面图

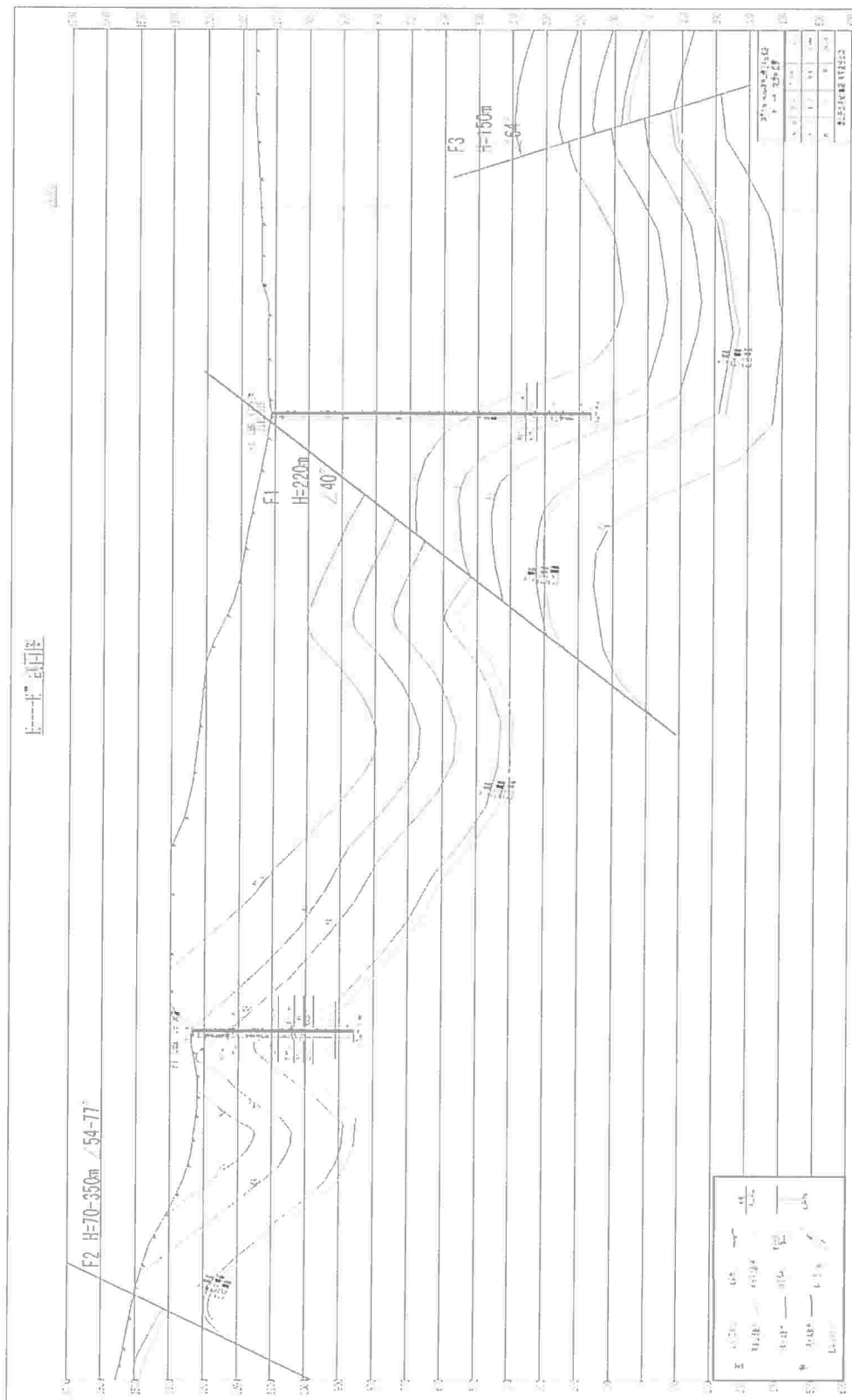


图 3-4 H-H'地质剖面图

第四章 煤层

第一节 含煤地层及煤层发育情况

BULLMOOSE 煤田共有三个含煤地层，从上至下依次为 Boulder Creek 组、Gates 组和 Gething 组。

Boulder Creek 组地层平均厚度 137m，含煤 2—5 层，其中只有最底部的 BC 煤层局部达到可采厚度，其余都为煤线，不可采。BC 煤层真厚度 0.19—3.02m，平均 1.50m。

Gates 组地层平均厚度为 210m，发育 A、B、C、D、E1、E2、F 七层煤，其中 A 煤层真厚度 0.10—0.28m，平均 0.16m；B 煤层真厚 0.10—2.00m，平均 0.95m；C 煤层真厚 0.10—0.80m，平均 0.43m；D 煤层真厚 0.65—2.40m，平均 1.70m；E1 煤层真厚 0.24—3.14m，平均 1.4m；E2 煤层真厚 0.15—1.64m，平均 0.90m；F 煤层真 0.43—1.32m，平均 0.71m。Gates 组地层只有 D 煤层、E1 煤层局部达到可采厚度，其余煤层厚度薄，不稳定，均不可采。

Gething 组总厚度约 300m，发育有五个煤层组，从上至下依次为 Superior、Trojan、Titan、Falls 和 Mogull 煤层组，其中 Superior 煤层真厚 0.2—1.0m，平均 0.54m；Trojan 煤层真厚 0.8—2.54m，平均 1.5m，该煤层只在断层附近（3#孔）较厚，达 2.54m，其余 2 孔所见较薄，7#孔 0.8m，14#孔 1.18m；Low Trojan 煤层真厚 0.48—0.8m，平均 0.64m；Titan 煤层真厚 0.4m；Falls 组煤层真厚 0.14m；Mogull 组煤层真厚 0.61m；Gething 组煤层埋深大，厚度薄，从目前勘探掌握的资料分析，没有经济开采价值。

从所取得的资料分析，只有 BC 煤层、D 煤层和 E1 煤层达到了可采厚度。而 BC 煤层只有部分可采，大部分不可采。

第二节 可采煤层

一、煤层厚度、间距变化及稳定性

1、BC 煤层：采用见煤点 22 个，可采点 18 个，不可采点 4 个，为大部分可采煤层，煤层结构为复杂结构煤层，含夹石 0—4 层，单层夹石最大厚 0.56m(14#孔)。煤层厚度最小为 0.19m，最大为 3.02m，平均厚度 1.46m，属于薄~中厚煤层。煤厚的变化趋势是从井田东北部向西北部逐渐变厚。

煤层直接顶板为泥岩，厚 2.00m 左右；直接底板为砾岩，厚 3.00m 左右。BC 煤层与下部可采煤层 D 煤层的平均间距为 215.70m。所以本煤层无法和下部进行联合开采。

2、D 煤层

D 煤层是 Bullmoose 煤田第二层可采煤层。煤层结构为复杂结构煤层，含夹石 1—4 层，单层最大夹石厚度 0.30m。煤层厚度最小为 0.65m，最大为 4.01m，平均厚度 2.02m，属于中厚煤层。煤厚的变化趋势是从井田东北部向西北部逐渐变厚。煤层直接顶板为泥岩，厚 3.00mm 左右；直接底板为泥岩，厚 2.00m 左右。D 煤层与下部可采煤层 E1 煤层的平均间距为 15.90m。

3、E1 煤层

E1 煤层是 Bullmoose 煤田第三层可采煤层。采用见煤点 22 个，可采点 19 个，不可采点 3 个，为全区可采煤层。煤层结构为复杂结构煤层，含夹石 1—2 层，单层最大夹石厚度 0.22m。煤层厚度最小为 0.24m，最大为 3.14m，平均厚度 1.43m，属于薄-中厚煤层。煤厚的变化趋势是从井田东北部向西北部逐渐变薄。煤层直接顶板为泥岩，厚 6.00m 左右；直接底板为泥岩，厚 4.00m 左右。E1 煤层与下部 E2 煤层的平均间距为 5.80m。

综上所述，三个可采煤层为较稳定煤层和较不稳定煤层，煤层厚度变化较大，但有一定的规律性。煤层类型为较不稳定型。

其 D 煤层和 E1 煤层厚度变化情况见图 4-1 和图 4-2 所示。

加拿大墨里河煤田D煤层厚度等值线图

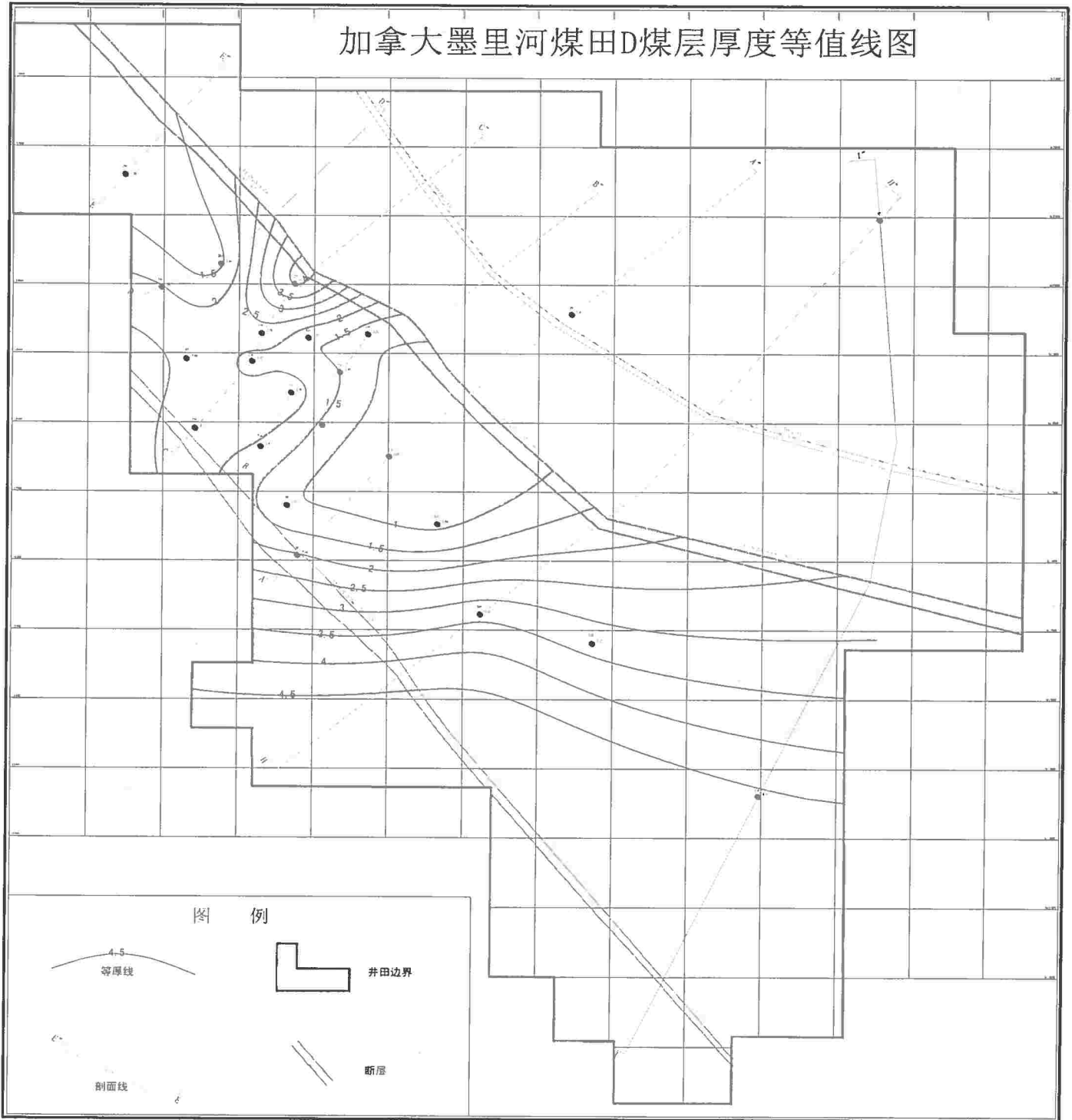


图 4-1: D 煤层厚度等值线图

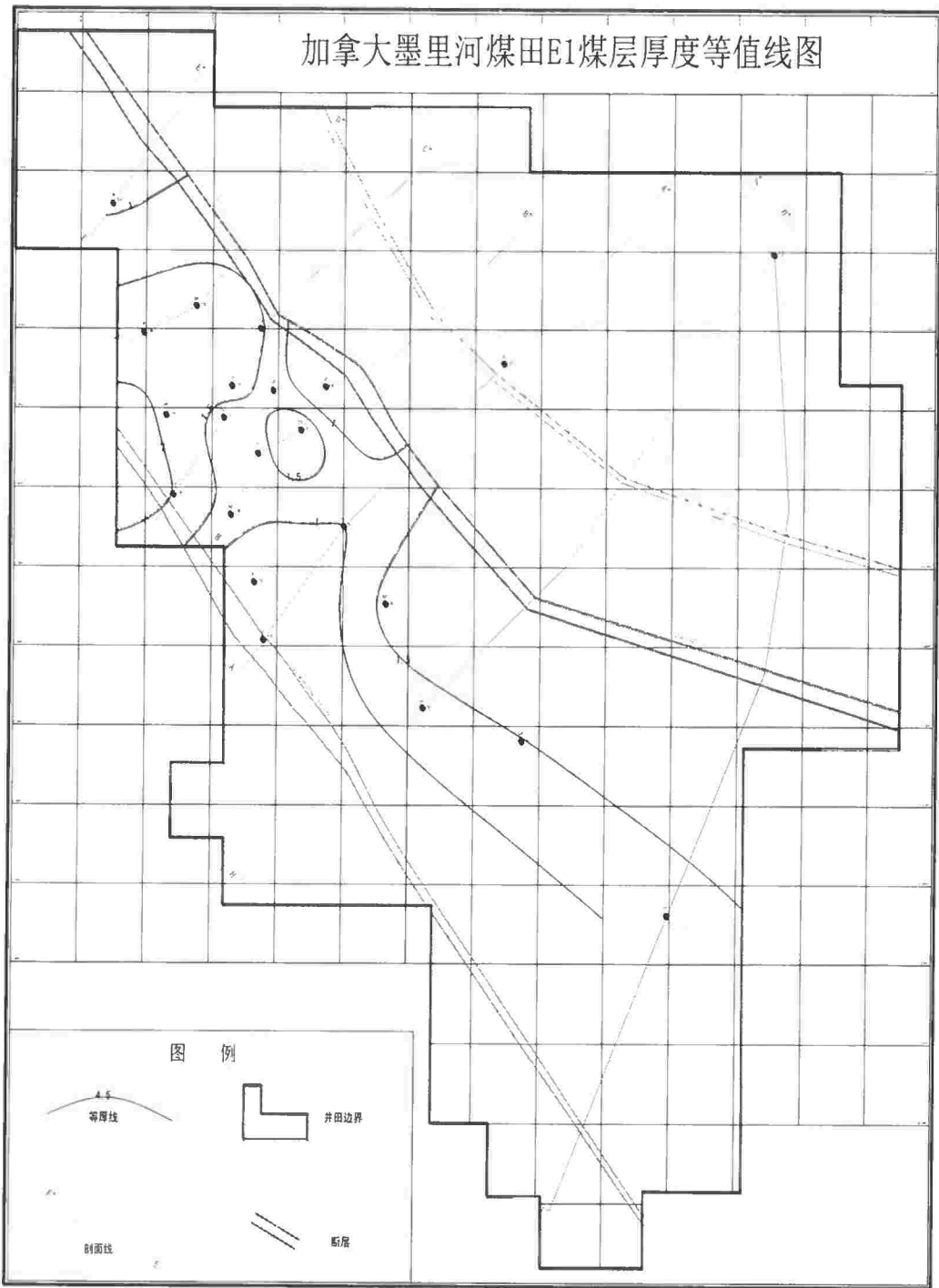


图 4-2: E1 煤层厚度等值线图

第三节 不可采煤层

本报告集中研究 BC、D、E1 煤层，这些煤层的厚度比较稳定并用更多的钻孔控制，许多钻孔未贯穿下部的这些较薄煤层，没有足够的数据，下部煤层的资源评估可信度较低，这些煤层暂时没有开发的经济意义。所以本次只对上部三个煤层进行资源量估算，以下煤层本次暂未考虑。

E2 煤层

E2 煤层是 Bullmoose 煤田第四层局部可采煤层。见煤点 20 个，只有 6 个可采点，14 个不可采点。煤层平均厚度只有 0.85m。

第四节 煤、岩层对比

煤层的对比主要采用煤层顶、底板及标志层，并结合测井资料和煤质资料进行了对比，其各个标志层特征如下：

一、BC 煤层底板：覆盖 1 至 2m 的粗粒砂岩以及包含角岩碎石的砾岩组成。该层标志层用来控制 BC 煤层的层位。

二、Kg 组特征为发育可采煤层，其中 E 煤层底板砾岩普遍发育，应认定为 E 煤层所具有的标志层。

三、D 煤层顶板薄层砾岩也普遍发育，是 D 煤层的标志层。

四、下部 superior 煤层顶板：在穆斯坝组的基底的几 m 的变化范围内渐变成明显的绿色、海绿色泥岩，这岩层之上覆盖 1 至 2m 的粗粒砂岩以及包含角岩碎石的砾岩组成。之下为 Superior 煤层，这个海绿石标志层用来控制 Superior 的层位。

五、在盖森组内的 trojan 煤层顶板 10m 范围以内，常伴有贝壳类化石，厚度约为 3~5m，为明显含炭质成分的泥岩。

六、煤质对比

1、原煤硫分：以 D 煤层偏高，在 0.65-1.52%之间，平均 0.93%；以 BC 煤层的原煤硫分为最低，平均值只有 0.33%。E 煤层次之。

2、原煤磷的含量：以 BC 煤层为最高，平均值高达 0.224%，BC 个别煤层顶底板或夹矸中磷的含量高达 1.31%。以 D 煤层为最低，平均含量只有 0.009%；E 煤层次之。

七、结论

通过煤岩层特征和煤质特征进行了综合对比工作，煤层层位确定基本准确可靠。

第五章 煤质

第一节 煤的化学性质

一、原、浮煤灰分

干燥基灰分 $A_{ad} \leq 10\%$ 为特低灰煤；10-16%为低灰煤；16-29%为中灰煤； $A_{ad} \geq 29\%$ 为高灰煤。

1、BC 煤层：原煤一般 7.10~32.63%，平均值为 24.80%，为中灰煤。

2、D 煤层：原煤一般 14.79-36.88%，平均值为 26.49%，为中灰煤。

3、E1 煤层：原煤一般 22.11-28.37%，平均值为 25.10%，为中灰煤。

经过洗选之后，三个煤层经过洗选后的灰分平均值分别为 10.57%、7.87%、7.37%。

二、原、浮煤硫分

当干燥基高位发热量等于 24%时， $S_{td} < 0.50\%$ 为特低硫煤，0.50-0.90%为低硫煤，0.91-1.50%为中硫煤，1.50-3.00%为中高硫煤， $> 3.00\%$ 为高硫煤。本区的干燥基高位发热量平均值大于 24MJ/kg，应为 $S_{td} < 0.50-0.58\%$ 为

特低硫煤，0.58-1.05%为低硫煤，1.06-1.75%为中硫煤，1.76-3.50%为中高硫煤，>3.50%为高硫煤。

1、BC 煤层：原煤硫分 0.25-0.65%，平均 0.33%，小于 0.50%，为特低硫分煤。浮煤硫分平均值 0.46%，说明煤层中硫分含量以有机硫为主。

2、D 煤层：原煤硫分 0.36-1.52%，平均 0.93%，为低硫分煤。经洗选后的浮煤硫分平均值 0.73%右，分析可能硫分主要含量以有机硫为主。

3、E1 煤层：原煤硫分在 0.26-0.59%，平均 0.41%；小于 0.50%，为特低硫分煤。浮煤硫分平均值 0.46%，说明煤层中硫分含量以有机硫为主。

表 5-1 钻孔煤芯煤样的煤质工业分析试验综合成果表

煤层	工业分析 (%)						
	原煤				浮煤		
	A _{ad}	V _{daf}	Std	Q _{gr,adf}	A _{ad}	V _{daf}	Std
BC	<u>7.10-32.63</u> 24.80	<u>19.47-29.92</u> 26.02	<u>0.20-0.65</u> 0.33	<u>33.43-36.00</u> 34.37	<u>3.61-13.97</u> 10.57	<u>15.34-28.87</u> 24.71	<u>0.31-0.60</u> 0.46
D	<u>14.79-36.88</u> 26.49	<u>24.25-29.93</u> 27.12	<u>0.36-1.52</u> 0.93	<u>35.40-35.87</u> 35.55	<u>6.44-9.15</u> 7.87	<u>22.93-27.51</u> 26.10	<u>0.41-1.04</u> 0.73
E1	<u>16.40-31.61</u> 23.52	<u>22.11-28.37</u> 25.11	<u>0.26-0.59</u> 0.41	<u>34.98-36.29</u> 35.78	<u>4.09-10.40</u> 7.37	<u>23.50-27.91</u> 25.46	<u>0.27-0.65</u> 0.47

三、浮煤挥发分

1、BC 煤层：浮煤挥发分在 15.34~28.87%之间，平均值 24.71%，为中等挥发分煤。

2、D 煤层：浮煤挥发分在 22.93~27.51%之间，平均值 26.10%，为中等挥发分煤。

3、E1 煤层：浮煤挥发分在 23.50~27.91%之间，平均值 25.46%，为中等挥发分煤。

四、有害元素-磷

BC 煤层中磷含量较高，在 0.025-0.534%之间，平均值为 0.224%；其顶底板或夹矸中检测最大值达到 1.31%，属高磷煤。应引起注意。

D煤层中磷含量最低，平均值为0.009%，E1煤层次之。这2层煤均为特低磷煤。

第二节 煤的工艺性能

一、原煤发热量 ($Q_{gr, daf}$, 单位: MJ/kg)

$Q_{gr, daf} > 29.60$ MJ/kg 为特高热值煤；在 25.51-29.60 MJ/kg 为高热值煤；在 22.41-25.50 MJ/kg 为中热值煤；16.30-22.40MJ/kg 为低热值煤。

1、BC煤层：在 33.43~36.00MJ/kg 之间，平均 34.37MJ/kg；为特高热值煤。

2、D煤层：在 35.40~35.87 之间，平均 35.55 MJ/kg；为特高热值煤。

3、E1煤层：在 34.98~36.29 之间，平均 35.78 MJ/kg；为特高热值煤。

二、粘结指数

1、BC煤层：粘结指数值为 39~86，平均值 66，属于中等粘结性的煤。煤质特性变化比较大。

2、D煤层：粘结指数值为 85~99，平均值 94，属于特强粘结性的煤。

3、E1煤层：粘结指数值 66~95，平均值 87，属于强粘结性煤。

三、胶质层厚度

1、BC煤层：胶质层厚度 Y 值在 10.5~14.5mm 之间，平均 12.5mm。

2、D煤层：胶质层厚度 Y 值在 14.5~23.0mm 之间，平均 19.0mm。

3、E1煤层：胶质层厚度 Y 值在 13.0~21.0mm 之间，平均 17.5mm。

第三节 煤类及煤的利用方向

根据以上叙述可知，各个煤层浮煤挥发分一般在 20~28%之间，粘结指数一般在 65~95 之间，Y 值平均在 10~25mm 之间。区内 26 个煤类分布点，焦煤类 22 个，其他煤类 2 个，1/3 焦煤类 2 个。而且 D 煤、E1 煤的煤

类比较稳定，以焦煤类为主；而 BC 煤层的粘结指数变化大，Y 值偏小，所以其煤类比较复杂，出现了弱粘煤及中粘煤等煤类，但是仍以焦煤类为主。

其煤的利用方向以炼焦用煤为主，可以作为炼焦配煤；同时也可以作为发电、锅炉用煤等。而 BC 煤层的磷含量较高，不能用于冶炼。

第六章 开采技术条件

第一节 瓦斯

本次勘查从 5 个取芯钻孔中收集 13 个煤层样品。样品来自 D 煤层有 5 个样品，E1 煤层有 5 个样品，还有 3 个为 E2 煤层的样品。本次瓦斯含量变化范围为 0.15~2.96m³/t。瓦斯含量是很小的。本次勘查瓦斯取样深度为 460.65~1062.00m。

从本次取得的瓦斯数据来看，瓦斯含量与样品深度无关联性。瓦斯含量与灰分含量高、硫分含量高有关联性。所有瓦斯成分的样品表明一种相似的趋势，以 CH₄ 和 N₂ 含量高，CO₂ 含量较低。但是总体上看出，本勘查区各个煤层的瓦斯含量很低。其瓦斯含量及瓦斯成分见表 6-1 和表 6-2 所示。

表 6-1 瓦斯含量一览表（单位：m³/t）

煤层号	CH ₄			CO ₂			N ₂		
	低	高	平均	低	高	平均	低	高	平均
D	0.15	1.94	0.77	0.02	0.04	0.03	0.61	1.35	0.83
E1	0.53	2.96	1.26	0.02	0.04	0.03	0.33	0.67	0.55

表 6-2 瓦斯成分（单位：%）

煤层号	CH ₄			CO ₂			N ₂		
	低	高	平均	低	高	平均	低	高	平均
D	18.77	84.30	55.91	1.38	4.32	2.66	11.38	77.92	41.43
E1	51.89	95.78	71.37	1.37	3.99	2.40	2.29	46.17	26.23

第二节 岩石力学性质

本次勘探工作，在 2#、17#、19#和 24#等 4 个钻孔中分别采取了煤层顶、底板岩石样品以及对 20#孔各个煤层分别进行了岩石力学物理试验工作，由具有相应资质的试验单位-河北省煤田地质研究所负责进行。其测试结果见表 6-3、6-4 所示。

表 6-3 各个煤层的岩石力学性质一览表(20#孔)

煤层名称	采样深度 (m)	普氏硬度系数	坚固性系数	抗压强度(MPa)			
				平均	变异范围		
BC	727.05-727.52	0.5	0.58	4.9	4.8	4.8	5.2
D	923.90-924.15	0.5	0.61	5.3	5.2	5.2	5.6
EI	941.50-941.84	0.4	0.50	4.1	4.0	4.0	4.4

一、煤层的物理力学性质

1、各个煤层的普氏硬度系数

各个煤层的硬度基本相同，一般在 0.4-0.5 之间变化。

2、各个煤层的坚固性系数

D 煤层相对高一些，一般在 0.50-0.61 之间变化。

3、抗压强度

D 煤层相对高一些，一般在 0.52-0.56 之间变化。

二、岩石的物理力学性质分析

1、抗压强度

一般情况下抗压强度 >60MPa 为坚硬岩石；30-60 MPa 为较坚硬岩石；15-30 MPa 为较软岩石。

(1) BC 煤层：顶板和底板的抗压强度多数在 20-40MPa 之间。多为较软与较坚硬岩石。

表 7-7 岩石力学性质一览表 (共 4 个孔第 1 个孔-2#孔)

采样深度 m	岩石名称	位置	普氏硬度系数	抗压 (Mpa)		抗拉 (Mpa)		抗剪		切线模量 10 ³ MPa	变形参数 10 ³ MPa	泊松比
				平均	变异范围	平均	变异范围	内摩擦角	凝聚力系数			
505.95-507.66	铝土质泥岩	BC 煤顶	4.4	44.0	44.0 45.2	42.8	1.5 1.6	1.7	35°27'	5.1	0.25	0.19
509.21-511.71	铝土质泥岩	BC 煤顶	6.2	62.3	64.0 62.8	60.0	3.5 3.6	3.8	38°39'	9.2	0.29	0.25
726.20-727.26	粉砂质泥岩	D 煤顶	5.4	54.3	56.0 52.0	54.8	3.5 3.8	3.4	39°42'	10.0	0.31	0.28
730.12-733.25	黑色泥岩	D 煤底	5.6	55.7	58.4 56.0	52.8	3.4 3.5	3.5	37°39'	8.2	0.33	0.21
737.55-739.22	泥质粉砂岩	E1 煤顶	5.5	55.2	56.0 56.8	52.8	2.5 3.0	3.5	40°41'	10.7	0.31	0.21
742.50-743.75	黑色泥岩	E1 煤底	5.6	56.1	60.0 56.0	52.4	2.9 3.1	3.5	40°10'	9.8	0.35	0.27

续表 7-7 岩石力学性质一览表 (共 4 个孔第 2 个孔-17#孔)

采样深度 m	岩石名称	位置	普氏硬度系数	抗压 (Mpa)		抗拉 (Mpa)		抗剪		切线模量 10 ³ MPa	变形参数 10 ³ MPa	泊松比
				平均	变异范围	平均	变异范围	内摩擦角	凝聚力系数			
516.00-518.38	泥岩	BC 煤顶	2.1	20.8	20.0 22.0	20.4	0.7 0.8	1.1	32°40'	3.2	0.18	0.30
522.14-522.97	泥岩	BC 煤底	2.1	20.9	20.8 20.0	22.0	0.9 0.9	1.0	33°54'	4.0	0.22	0.41
722.12-723.12	细砂岩	D 煤顶	5.8	57.9	56.0 57.6	60.0	4.0 4.4	3.9	41°47'	11.2	0.31	0.20
725.82-726.68	泥岩	D 煤底	3.6	35.7	38.4 36.0	32.8	1.7 2.2	1.5	37°31'	7.2	0.25	0.29
733.35-736.06	泥岩夹细砂	E1 煤顶	6.5	65.2	64.0 64.8	66.8	3.9 3.8	4.0	43°17'	12.1	0.33	0.20
738.65-739.52	泥岩	E1 煤底	5.1	50.5	52.4 51.2	48.0	2.9 3.0	3.1	39°21'	9.2	0.32	0.21
742.50-743.28	泥岩	E1 煤底	4.9	48.8	47.6 48.0	50.8	2.2 2.5	2.7	39°25'	8.2	0.32	0.19

续表 7-7 岩石力学性质一览表 (共 4 个孔第 3 个孔-19#孔)

采样深度 m	岩石名称	位置	普氏硬度系数	抗压 (Mpa)			抗拉 (Mpa)			抗剪		切线模量 10 ³ MPa	变形参数 10 ³ MPa	泊松比
				平均	变异范围		平均	变异范围		内摩擦角	凝聚力系数			
					32.0	30.8		28.0	1.3					
362.21-362.67	黑色泥岩	BC 煤顶	3.0	40.0	41.2	40.0	38.8	1.3	1.2	1.3	1.5	0.27	0.23	0.34
365.47-366.25	黑色泥岩	BC 煤底	4.0	40.0	41.2	40.0	38.8	1.3	1.2	1.3	1.5	0.28	0.22	0.30
566.78-567.11	粉砂质泥岩	D 煤顶	5.2	52.2	51.0	57.2	48.4	3.8	3.5	3.8	4.0	0.33	0.24	0.28
574.51-574.71	黑色泥岩	D 煤底	2.1	20.8	20.0	22.0	20.4	1.0	1.2	1.0	0.9	0.20	0.19	0.27
589.18-590.14	黑色泥岩	E1 煤顶	4.8	47.9	48.0	46.8	48.8	2.9	3.5	2.5	2.7	0.26	0.20	0.22
592.55-592.93	炭质泥岩	E1 煤底	4.2	42.4	40.0	42.8	44.4	1.7	1.9	1.6	1.5	0.25	0.20	0.21

续表 7-7 岩石力学性质一览表 (共 4 个孔第 4 个孔-24#孔)

采样深度 m	岩石名称	位置	普氏硬度系数	抗压 (Mpa)			抗拉 (Mpa)			抗剪		切线模量 10 ³ MPa	变形参数 10 ³ MPa	泊松比
				平均	变异范围		平均	变异范围		内摩擦角	凝聚力系数			
					40.0	41.2		38.8	1.9					
382.76-383.12	泥岩	BC 煤顶	4.0	31.5	31.6	32.0	30.8	1.2	1.1	1.1	1.3	0.29	0.23	0.24
385.49-385.84	泥岩	BC 煤底	3.1	38.3	40.0	38.8	36.0	1.3	1.1	1.3	1.5	0.33	0.26	0.27
611.74-612.21	泥岩	D 煤顶	3.8	37.3	39.2	36.0	36.8	1.3	1.0	1.4	1.5	0.20	0.17	0.22
615.18-615.56	泥岩	D 煤底	3.7	55.1	58.4	54.8	52.0	3.2	3.5	3.1	2.9	0.25	0.21	0.27
620.12-620.50	泥岩	E1 煤顶	5.5	60.5	62.8	60.0	58.8	3.4	3.6	3.5	3.1	0.31	0.24	0.28
624.50-626.15	泥岩	E1 煤底	6.1	60.5	62.8	60.0	58.8	3.4	3.6	3.5	3.1	0.36	0.37	0.31

(2) D 煤层：顶板的抗压强度在 38.3-57.9MPa 之间，平均为 50.7MPa，为较坚硬岩石。而底板的抗压强度在 20.8-55.7MPa 之间，平均值只有 37.4 MPa，为较软岩石。

(3) E1 煤层：顶板和底板的抗压强度多数在 40-60MPa 之间，平均值分别为 50.8MPa 和 48.2 MPa。顶板和底板抗压强度都均为较坚硬岩石。

2、抗拉强度

(1) BC 煤层：顶板和底板的抗拉强度都很低，多数在 1-2MPa 之间。

(2) D 煤层：顶板的抗拉强度较高，在 1.3-4.1MPa 之间，平均值 3.2MPa。而底板的抗压强度较低，平均值只有 1.9 MPa。

(3) E1 煤层：顶板的抗拉强度多数在 3-4MPa 之间，平均值为 3.3MPa；而底板抗拉强度稍小，平均值为 1.8 MPa。

3、普氏硬度

(1) BC 煤层：顶板和底板的硬度都较低，硬度系数多数在 2-4 之间。

(2) D 煤层：顶板的硬度较高，硬度系数在 3.8-5.8 之间，平均值 5.1。而底板的硬度较低，硬度系数平均值只有 3.7。

(3) E1 煤层：顶板和底板的硬度都较高，硬度系数多数在 4-6 之间，其顶板硬度系数平均值为 5.6；底板的硬度系数平均值为 5.3。

4、一般岩石的质量级别分为 I - V 级，根据本区各个煤层的内摩擦角、泊松比等值判定，各个煤层的岩石质量级别在 III-IV 级之间，属于岩石较坚硬，岩体较破碎的类别。

根据以上分析，本勘查区开采技术条件中等。

第七章 资源量估算

第一节 资源量估算范围及工业指标

一、资源量估算范围

北部和东部以 F3 断层为界；南部以驯鹿保护区为界；西部以 F2 断层为界。本次参与估算资源量的煤层为 BC、D、E1 共 3 个煤层。资源量估算范围为井田区域的面积为 128km² 的范围内，其中驯鹿保护区占 28 km² 不在估算资源量范围内。资源量估算深度到 1000m。3 个煤层资源量估算面积分别为：10.45km²、49.00km²、37.65km²。

二、工业指标

由于本勘查区煤层倾角变化较大，大部分倾角大于 25°，平均倾角 19°。煤类以焦煤为主，按照规范要求，确定工业指标为：煤层最低可采厚度取 1.00m；原煤灰分不大于 40%，原煤硫分不大于 3%。

第二节 资源量估算方法的选择及其依据

采用地质块段法，按照各个煤层的较不稳定型及构造复杂类型，即三类三型，即地质可靠程度，根据勘查线、构造线和最低可采边界线、等高线等进行圈级划块。根据本次勘查孔以及以往的钻孔见煤点和采矿边界的控制距离，确定其资源量类型。

计算公式：

块段资源量=块段水平面积×倾角正割值×煤层平均真厚×视密度。

资源量估算单位为千吨，小数点后四舍五入，资源量汇总单位为万吨。

第三节 资源量估算参数的确定

一、煤层视密度：各煤层均为 1.40m³/t

二、面积和倾角：在 CAD 电子版的煤层底板等高线及储量估算图上自动求取面积，采用水平面积；根据块段上下底板等高线的高程、平距计算煤层倾角。

三、煤层的厚度：根据块段内部和附近的煤厚点采用算术平均值来确定块段煤厚。对于沉积缺失点，按规范圈定可采边界线，对可采边界的块段，采用合理增加最低可采厚度（1.00m）点与块段内部和临近的可采点取平均值的方法计算块段的煤厚。

对复结构煤层的处理：

1、煤层中夹矸厚度 $\leq 0.05\text{m}$ 时，夹矸与煤层合并计算。但并入夹矸全层的灰分（或发热量）、硫分应符合估算指标规定。

2、当煤层夹矸厚度 $< 1.00\text{m}$ 且分煤层厚度均等于或大于夹矸厚度者，上下煤层合并估算资源/储量；分煤层厚度小于夹矸厚度不估算资源/储量。

3、当煤层夹矸厚度 $\geq 1.00\text{m}$ 且被夹矸分开的煤层分别估算资源/储量。

4、对于复杂结构的煤层，当夹矸的总厚度不大于煤分层总厚度的 1/2 时，以各煤分层的总厚度作为资源/储量估算的厚度；当夹矸的总厚度大于煤分层总厚度的 1/2 时，按第 1、第 3 条的规定处理。

第四节 资源量估算块段划分的原则

根据已知见煤孔点或工程见煤点与断层点、剖面线、等高线进行连线组成块段，工程控制点基本线距为 1000m- 2000m 划定为推断的资源量，按实际工程控制点外推 1/4 基本线距（500m）划定同类级别的资源量。

第五节 资源量的分类

按照勘查控制网度、勘查程度以及概略性研究程度等，按照三类三型，综合分析，本区以见煤点或剖面线连线的间距 1000-2000m 划分为推断的资

源量（333），或适当向外推 1/4~1/2 线距划分推断的资源量（333）。断层带为推断的 333 资源量。

第六节 资源量估算结果

本次勘探在井田边界线范围内获得了推断的（333）资源量 29076 万吨。全部为新增资源量。其中包括地面输电管路、输气管路以及断层带保护煤柱；包括平均厚度小于 1.50m 的资源量块段。

其中：保护煤柱压覆资源量占 2104 万吨；平均厚度小于 1.50m 块段的资源量占 5999 万吨；可以利用的资源总量为 20953 万吨。如果不考虑开采 BC 煤层，D 和 E1 煤层实际可以利用的资源量只有 18157 万吨。

表 7-1 分类型、分煤层资源量估算汇总表（万吨）

类别	333 总量	压覆资源量	平均煤厚小于 1.50m 资源量	可利用资源量
煤层				
BC	3504	708	0	2796
D	17686	534	1623	15529
E1	7886	862	4376	2648
合计	29076	2104	5999	20953

第七节 地面设施压煤情况说明

按照煤矿开采条件等有关规定，对地面大型的公共设施以及大的构造带，未经过特殊处理之前，必须留设保护煤柱，这部分煤炭资源暂时不能开采，按照压覆计算。包括地面输电管路、输气管路以及断层带保护煤柱。

根据以上范围估算的压覆煤柱资源量为 2104 万吨。其中：BC 煤占 708 万吨；D 煤占 534 万吨；E1 煤占 862 万吨。

第八章 结论

一、基本查明了该区地层层序、含煤时代和含煤地层沉积特征。

二、基本查明了该区总体构造是由几组褶曲组成，并伴随着大的断层带，使得岩体破碎严重。区内共发现3条逆断层，其中：F1断层落差220-830m，倾角 40° - 65° ，倾向西南，为钻探控制的断层，比较可靠；F2断层落差70-350m，倾角 54° - 77° ，倾向西南，控制程度较低；F3断层落差150m，倾角 64° ，倾向东北，控制程度较高。未发现岩浆岩体的侵入。确定了该区构造复杂程度为复杂类型。

三、初步查明了该区含煤地层的含煤性，含可采煤层3层，即BC煤、D煤、E1煤。其中BC为局部可采煤层，D、E1煤为全区大部分可采煤层，确定全区煤层为较不稳定型。

四、基本查明了可采煤层的物理性质、化学性质及工艺性能，初步确定了该区煤类以焦煤类为主，评述了煤的工业利用方向。

五、了解了区内区域构造现状、环境地质现状、煤炭开采条件以及煤层瓦斯、岩石力学性质等其它开采技术条件。开采技术条件中等。

六、煤炭资源储量估算方法采用地质块段法符合要求，采用工业指标合理，资源储量估算参数确定正确，资源储量估算结果可靠。

七、初步确定该区的勘查类型为三类三型，选择了1000-2000m的工程线距圈定了推断的资源量。获得了推断的资源量（333）为29076万吨。其中平均煤厚小于1.50m的占5999万吨；压覆量占2104万吨；可利用资源量为22773万吨。BC煤层不具备开采条件，实际可采资源量为18157万吨。

八、由于大型断层及褶曲的存在，给将来Bullmoose煤田的开发带来极大的困难。特别是背、向斜的交替出现，引起岩层倾角发生剧烈变化，造成岩层极其破碎，还可能存在一些伴生的中小型断层。煤矿开采条件复杂。

This is **Exhibit "H"** referred to in the
Affidavit of Naishun Liu sworn
before me at Yancouver, British Columbia
on this the 31 day of May, 2022.



A Commissioner for taking Affidavits for
British Columbia

WEIGUO HE
Barrister and Solicitor
DLA Piper (Canada) LLP
666 Burrard Street, Suite 2800
Vancouver, BC V6C 2Z7
604.643.6417

DEMAND PROMISSORY NOTE

给加拿大中和的付款承诺书

TO: CANADA ZHONGHE INVESTMENT LTD.

Principal Amount: US\$3922000

WHEREAS: Pursuant to an instrument of transfer, the Debtor issues this promissory note (the “**Promissory Note**”), in favour of the Holder as consideration in exchange for 3922000 Class A Common Voting shares in the capital of Canadian Bullmoose Mines Ltd. sold, assigned and transferred by the Holder to the Debtor.

基于：依据转让文件，借方签发此承诺函给持有方，以交换持有方出售转让给借方的加拿大布尔默斯矿业公司 3922000 股 A 类普通投票股。

Principal and Maturity 本金和截至期

1. **FOR VALUE RECEIVED**, Canadian Dehua International Mines Group Inc., a corporation incorporated under the laws of the Province of British Columbia (the “**Debtor**”), hereby promises to pay to or to the order of Canada Zhonghe Investment Ltd. (the “**Holder**”) at such place as the Holder may from time to time designate to the Debtor:

作为对价，加拿大德华国际矿业公司，一家依照 BC 省法律成立的公司（借方），在此承诺在持有方指定地点支付给加拿大中和（持有方）：

The principal sum of US\$ 3922000 in lawful money of the United States (herein called the “**Principal**”).

本金总额 3922000 美元（以下称：本金）。

2. The **Principal** shall be paid in full on or before December 31, 2019.

不迟于 2019 年 12 月 31 日 支付全额该本金。

Interest on Overdue Interest

3. No interest shall be payable by the Debtor to the Holder if the Principal is paid in full on or before December 31, 2019.

如果在 2019 年 12 月 31 日 或之前借方支付了该本金，则借方不用支付利息给持有方。

4. In the event that the payment of **the Principal** is unpaid in full on or before December 31, 2019, interest shall be payable on the unpaid amount. Compound interest in like money on the unpaid portion from time to time of **the Principal** until **the Principal** is repaid in full at the rate of **6% per annum**, accruing and compounded daily and calculated monthly (the “**Interest**”);

如果该本金在 2019 年 12 月 31 日 前没有全额支付，未支付部分将支付利息。未支付的本金部分按照 6% 年利率按日累计、逐月计算利息，直至本金全额支付。

Application of Payments

5. Any amount paid in satisfaction of the indebtedness evidenced by this **Promissory Note** shall be applied firstly in satisfaction of any accrued and unpaid interest which is due and payable, and then the remaining portion of such amount shall be applied in satisfaction of the Principal.

任何为此付款承诺函中的应付款而支付的款项将先用于支付已发生的且到期应付未付的利息，然后剩余部分用于支付本金。

Prepayment

6. At any time and from time to time any portion of the Principal may be prepaid without any notice being given to the Holder and without any bonus or penalty being paid to the Holder.

本金的任何部分可以不经告知而随时提前支付给持有人，不需要就提前支付部分给予任何优惠或者支付罚金。

Representations and Warranties

陈述与保证

7. The Debtor hereby represents and warrants in favour of the Holder as follows:

借方陈述与保证如下：

The execution, delivery and performance by the Debtor of this **Promissory Note** and the consummation of the transactions contemplated in the **Promissory Note**, do not and will not conflict with, result in any breach or violation of, or constitute a default under, the terms, conditions or provisions of, the charter or constating documents or by laws of, or any agreement and declaration relating to, the Debtor.

借方签署、递交和执行此承诺函以及完成此承诺函所列的交易，不会构成也不将会构成任何与适用的规章、法律或与借方相关的协议及声明的条款的抵触、违背或损害。

Non- Waiver 非违约弃权

8. The extension of the time for making any payment which is due and payable hereunder at any time or times or the failure, delay or omission on the part of the Holder to exercise or enforce any rights or remedies of the Holder hereunder shall not constitute a waiver of the right of the Holder to enforce such rights and remedies thereafter.

持有人同意延长到期支付时间，或者未按时、延误或遗漏执行此承诺函中的任何权益，不构成放弃持有人执行其权益。

Notices and Demands 通知和要求

9. All notices and demands provided for herein shall be in writing and shall be personally delivered or mailed by prepaid registered mail to the Debtor at:

所有通知和要求将派人专送或者付费挂号邮寄至如下地址给借方：

310 - 1155 West Pender Street
Vancouver, BC V6E 2P4

Attention: Naishun LIU
Email: lns9168@hotmail.com

or to such other address as the Debtor may from time to time designate to the Holder by notice in the aforesaid manner. Any notice or demand so personally delivered shall be deemed to have been validly and effectively given and received on the date of such delivery. Any notice or demand so mailed shall be deemed to have been validly and effectively given and received on the third day following the date of mailing.

或者按照上述方式递交到借方指定的其它地址。派人专送的任何通知和要求在递送当天视为有效送达生效。寄送的任何通知和要求在寄出第三天视为有效送达生效。

Amendments 修改

10. No amendment, modification or waiver of any provision of this promissory note or consent to any departure by the Debtor from any provision of this promissory note is in any event effective unless it is in writing and signed by the Holder and then the amendment, modification, waiver or consent is effective only in the specific instance and for the specific purpose for which it is given. 除非持有人书面同意并签署，对此承诺函的任何补充、修改、取消或同意背离此承诺函的任何条款均视为无效。对此承诺函的补充、修改、取消或同意背离只在特定情况下且基于特定目的有效。

Applicable Law 适用法律

11. This promissory note shall be construed, interpreted and enforced in accordance with, and the respective rights and obligations of the parties shall be governed by, the laws of the Province of British Columbia and the federal laws of Canada applicable therein, and each of the parties hereto hereby irrevocably attorns to the jurisdiction of the courts of the Province of

British Columbia. 此承诺函及各方的权利义务适用于 BC 省及加拿大联邦法律解释，各方无条件服从加拿大法庭之判决。

Time of the Essence 时间要素

12. Time shall in all respects be of the essence of this promissory note.

时间是此承诺函所有方面的要素。

Waiver of Benefits 权益弃权

13. The Debtor hereby waives the benefits of division and discussion, demand and presentment for payment, notice of non-payment, protest and notice of protest of this promissory note. 借方在此放弃权益分割和商讨，索偿要求和提示，未付款通知，异议或通知异议此承诺函。

Execution

14. Transmission of this promissory note by facsimile or e-mail in pdf format shall be as effective as delivery to the Holder of an original manually executed copy of this promissory note.

通过传真或者 PDF 格式的电子邮件传输此此承诺函与人工递送原件给持有人视为同样有效。

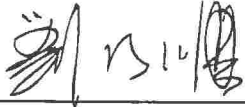
15. The **Debtor** hereto expressly acknowledge and confirm that this Statement and the documents and instruments contemplated therein be drawn up in the English language and any translation is for reference only. In the event of any conflict between the version in English and any translations, the English language version shall prevail.

借方明确知晓并确认此确认函及所附文书均由英文起草，任何翻译文本仅作为参考。如英文文本与任何其他翻译文本不一致，以英文版本为准。

[Signature Page Follows]

IN WITNESS WHEREOF the Debtor has executed this promissory note this
24 day of Sept., 2019.

**CANADIAN DEHUA INTERNATIONAL
MINES GROUP INC.**

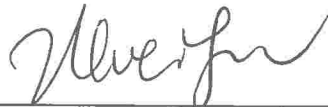
By:  _____

Name: Naishun Liu

Title: Chairman

I have authority to bind the corporation.

This is **Exhibit "I"** referred to in the Affidavit of Naishun Liu sworn before me at Vancouver, British Columbia on this the 31 day of May, 2022.



A Commissioner for taking Affidavits for British Columbia


WEIGUO HE
Barrister and Solicitor
DLA Piper (Canada) LLP
666 Burrard Street, Suite 2800
Vancouver, BC V6C 2Z7
604.643.6417

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604.643.6417

MAY 07 2021

No.
Vancouver Registry

BETWEEN:  IN THE SUPREME COURT OF BRITISH COLUMBIA

CANADA ZHONGHE INVESTMENT LTD.

PLAINTIFF

AND:

CANADIAN DEHUA INTERNATIONAL MINES GROUP INC.

DEFENDANT

NOTICE OF CIVIL CLAIM

FORM 1 (RULE 3-1(1))
[AM BC REG. 95/2011, SCH. A, s. 11]

This action has been started by the plaintiffs for the relief set out in Part 2 below.
If you intend to respond to this action, you or your lawyer must

- (a) file a response to civil claim in Form 2 in the above-named registry of this court within the time for response to civil claim described below, and
- (b) serve a copy of the filed response to civil claim on the plaintiff.

If you intend to make a counterclaim, you or your lawyer must

- (a) file a response to civil claim in Form 2 and a counterclaim in Form 3 in the above-named registry of this court within the time for response to civil claim described below, and
- (b) serve a copy of the filed response to civil claim and counterclaim on the plaintiff and on any new parties named in the counterclaim.

JUDGMENT MAY BE PRONOUNCED AGAINST YOU IF YOU FAIL to file the response to civil claim within the time for response to civil claim described below.

Time for response to civil claim

A response to civil claim must be filed and served on the plaintiff,

- (a) if you were served with the notice of civil claim anywhere in Canada, within 21 days after that service,
- (b) if you were served with the notice of civil claim anywhere in the United States of America, within 35 days after that service,
- (c) if you were served with the notice of civil claim anywhere else, within 49 days after that service, or

- (d) if the time for response to civil claim has been set by order of the court, within that time.

CLAIM OF THE PLAINTIFF

Part 1: STATEMENT OF FACTS

1. The plaintiff is registered as an extraprovincial company registered in British Columbia with an address for service in this action at 3200-650 West Georgia Street, Vancouver, British Columbia, V6B 4P7.
2. The defendant is a company registered pursuant to the laws of British Columbia with a registered and records office located at Suite 202-2232 West 41st Avenue, Vancouver, British Columbia, V6M 1Z8.
3. On or about September 24, 2019, the defendant executed a promissory note in favour of the plaintiff which included, without limitation, the following terms:
 - (a) the defendant promised to pay the principal sum of US\$3,922,000 (the "Principal");
 - (b) the Principal was payable by the defendant to the plaintiff in full on or before December 31, 2019; and
 - (c) if the Principal was unpaid in full on or before December 31, 2019, interest was payable on the unpaid amount at the rate of 6% per annum, compounded daily and calculated monthly.
4. By letters, dated September 30, 2020 and November 16, 2020, the plaintiff demanded repayment of the promissory note from the defendant.
5. In default of the promissory note, the defendant has failed to pay to the plaintiff the Principal and accrued interest.
6. The plaintiff has and continues to suffer loss and damage as a result of the defendant's default under the promissory note.

Part 2: RELIEF SOUGHT

1. Judgment against the defendant for the principal amount of US\$3,922,000;
2. Interest pursuant to the promissory note at the rate of 6% per annum from and including September 24, 2019 to and including the date of judgment;
3. In the alternative, with respect to interest as set out above, interest pursuant to the *Court Order Interest Act*, R.S.B.C. 1996, c. 79;
4. Costs; and

5. Such further and other relief as this Honourable Court may seem just.

Part 3: LEGAL BASIS

1. The defendant is indebted to the plaintiff under the promissory note.
2. *Court Order Interest Act*, R.S.B.C. 1996, c. 79.
3. *Foreign Money Claims Act*, R.S.B.C. 1996, c. 155.

- (1) The plaintiff's address for service is:

HARPER GREY LLP
Barristers and Solicitors
3200 - 650 West Georgia Street
Vancouver, BC V6B 4P7
Email: ehatch@harpergrey.com

- (2) Place of trial: Vancouver

The address of the registry is:

800 Smithe Street
Vancouver, BC V6Z 2E1

- (3) The name and office address of the plaintiff's solicitor is:

HARPER GREY LLP
Barristers & Solicitors
3200 - 650 West Georgia Street
Vancouver, BC V6B 4P7
Telephone: 604 687 0411
Email: ehatch@harpergrey.com
Attn: Erin Hatch/ksw/150551

Erin Hatch

Date: May 7, 2021

HARPER GREY LLP
(Per Erin Hatch)
Lawyer for the plaintiff

Rule 7-1(1) of the *Supreme Court Civil Rules* states:

- (1) Unless all parties of record consent or the court otherwise orders, each party of record to an action must, within 35 days after the end of the pleading period,
 - (a) prepare a list of documents in Form 22 that lists
 - (i) all documents that are or have been in the party's possession or control and that could, if available, be used by any party at trial to prove or disprove a material fact, and
 - (ii) all other documents to which the party intends to refer at trial, and
 - (b) serve the list on all parties of record.

APPENDIX

Part 1: CONCISE SUMMARY OF NATURE OF CLAIM:

The defendant defaulted on the promissory note and is indebted to the plaintiff.

Part 2: THIS CLAIM ARISES FROM THE FOLLOWING:

A personal injury arising out of:

- a motor vehicle accident
- medical malpractice
- another cause

A dispute concerning:

- contaminated sites
- construction defects
- real property (real estate)
- personal property
- the provision of goods or services or other general commercial matters
- investment losses
- the lending of money
- an employment relationship
- a will or other issues concerning the probate of an estate
- a matter not listed here

Part 3: THIS CLAIM involves:

- a class action
- maritime law
- aboriginal law
- constitutional law
- conflict of laws
- none of the above

Part 4:

Court Order Interest Act, R.S.B.C. 1996, c. 79 and *Foreign Money Claims Act*, R.S.B.C. 1996, c. 155.

This is **Exhibit "J"** referred to in the
Affidavit of Naishun Liu sworn
before me at Vancouver, British Columbia
on this the 31 day of May, 2022.



A Commissioner for taking Affidavits for
British Columbia

WEIGUO HE
Barrister and Solicitor
DLA Piper (Canada) LLP
666 Burrard Street, Suite 2800
Vancouver, BC V6C 2Z7
604.643.6417



No. S-214547
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

BETWEEN:

CANADA ZHONGHE INVESTMENT LTD.

PLAINTIFF

AND:

CANADIAN DEHUA INTERNATIONAL MINES GROUP INC.

DEFENDANT

DEFAULT JUDGMENT

*FORM 8 (RULE 3-8(2), (3), (5), AND (6))
[AM BC REG. 58/2012, SCH. A, S. 3]*

BEFORE A REGISTRAR

The plaintiff, Canada Zhonghe Investment Ltd., having filed and served a notice of civil claim, and the defendant, Canadian Dehua International Mines Group Inc., having failed to file and serve a response to civil claim within the time allowed;

THIS COURT ORDERS that the defendant, Canadian Dehua International Mines Group Inc. pay to the plaintiff, Canada Zhonghe Investment Ltd.:

1. the sum of \$4,781,310.20;
\$ 4, 781, 310.20
2. interest as claimed in the amount of \$495,946.31 (on the principal of \$4,781,310.20 at the rate of 6% per annum from and including September 24, 2019 to June 17, 2021);
3. costs to be assessed.

Date: August 30 2021

Interest calculations (see attached)

Registrar

150551
Canada Zhonghe Investment Ltd.

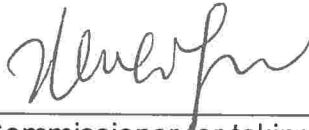
Date: 6/17/2021

Principal: \$4,781,310.20

	Start Date	End Date	Rate	Days	Total Interest	Total
1	9/24/2019	1/1/2020	6.0000%	99	\$77,810.91	\$4,859,121.11
2	1/1/2020	1/1/2021	6.0000%	366	\$286,878.61	\$5,145,999.72
3	1/1/2021	6/17/2021	6.0000%	167	\$131,256.79	\$5,277,256.51

Days	632
Total Interest	\$495,946.31
Total	\$5,277,256.51
Daily Interest starting 17 June 2021	\$785.97
Interest between 2 Dates	Simple Interest
Compounding Period	NA
Day count	Actual/Actual
Year base	Civil Year

This is **Exhibit "K"** referred to in the
Affidavit of Naishun Liu sworn
before me at Vancouver, British Columbia
on this the 31 day of May, 2022.



A Commissioner for taking Affidavits for
British Columbia

WEIGUO HE
Barrister and Solicitor
DLA Piper (Canada) LLP
666 Burrard Street, Suite 2800
Vancouver, BC V3C 2Z7
604.643.6417

SUPREME COURT
OF BRITISH COLUMBIA
VANCOUVER REGISTRY

SEP 10 2021

No. S-214547
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA



BETWEEN:

CANADA ZHONGHE INVESTMENT LTD.

PLAINTIFF

AND:

CANADIAN DEHUA INTERNATIONAL MINES GROUP INC.

DEFENDANT

WRIT OF SEIZURE AND SALE
FORM 50 (RULE 13-2(1))

Name and address of lawyer or person
causing this writ to be issued:

Erin Hatch
HARPER GREY LLP
Barristers & Solicitors
3200 - 650 West Georgia Street
Vancouver, BC V6B 4P7

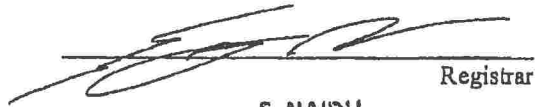
Telephone: (604) 687-0411
Email: ehatch@harpergrey.com

To the Sheriff

You are commanded promptly to seize and sell at public auction or by tender for the best available price sufficient of the goods and chattels of the undermentioned person to realize the sums set out on the back of this writ, that are payable by virtue of the attached order of this Honourable Court, together with your costs, fees and expenses for executing this writ.

After carrying out the above instructions, you must pay to the person specified on the back of this writ from the amount realized the sum or sums that are payable to him or her and account therefore by return to the court.

Date SEP 10 2021


Registrar

S. NAIDU
DEPUTY DISTRICT REGISTRAR

Name and address of person
whose goods and chattels
are to be seized:

Canadian Dehua International
Mines Group Inc.
Suite 202 - 2232 West 41st Avenue
Vancouver, BC V6M 1Z8

Amount remaining due and payable on judgment:

\$5,277,256.51 (comprised of the
principal sum of \$4,781,310.20
and interest in the amount of
\$495,946.31)

Amount of interest on judgment and costs remaining
due and payable:

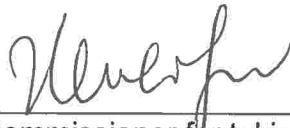
\$3,542.27 interest [see attached
calculation]

Sheriff's costs [to be filled in by Sheriff]

Total [to be filled in by Sheriff]

Identity of person entitled to payment of judgment: Canada Zhonghe Investment Ltd.

This is **Exhibit "L"** referred to in the
Affidavit of Naishun Liu sworn
before me at Vancouver, British Columbia
on this the 31 day of May, 2022.



A Commissioner for taking Affidavits for
British Columbia

WEIGUO HE
Barrister and Solicitor
DLA Piper (Canada) LLP
666 Burrard Street, Suite 2800
Vancouver, BC V6C 2Z7
604.643.6417

This is the 2nd affidavit
of Peter Powers in this case
and was made on February 1, 2022

No. S-214547
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

BETWEEN:

CANADA ZHONGHE INVESTMENT LTD.

PLAINTIFF

AND:

CANADIAN DEHUA INTERNATIONAL MINES GROUP INC.

DEFENDANT

AFFIDAVIT

I, Peter Powers, Court Bailiff of 6139 Trapp Avenue, Burnaby, British Columbia, MAKE OATH AND SAY AS FOLLOWS:

1. I am the principal/court bailiff at Accurate Court Bailiff Services Ltd., being the court bailiff operating under the Writ of Seizure and Sale issued by the Supreme Court of British Columbia (the "Court") in this matter on September 10, 2021. As such, I have personal knowledge of the matters and facts herein deposed to save and except where the same are stated to be made upon information and belief and, as to the latter, I verily believe same to be true.
2. I make this affidavit further to my first affidavit sworn in these proceedings on January 10, 2022 (the "First Power's Affidavit"). Any capitalized terms I use in this affidavit that are not otherwise defined herein have the same meaning as ascribed in the First Power's Affidavit.

3. I conditionally sold the Shares to Witcool Technology Co. Ltd. ("**Witcool**") at a public auction held on November 24, 2021 (the "**Auction**") for \$55,000. However, I do not know if this Witcool bid represents market value for the Shares.
4. It is always quite difficult for a Court bailiff when seizing and selling shares in a closely held private company to understand share value because the court bailiff is dependent to a large degree on what it is told by the parties involved in the litigation and the company from which it seizes the shares. This is in part why it is my practice to always insist upon having any sales of private shares in a company which I have seized being subject to approval of the Court on notice to all parties. In my view, if there is an issue with the sale of seized shares, then it can be addressed in the Court approval process.
5. Based upon my review of the share certificate and central securities register for CKDMC, it appears that the CKDMC shares are closely held by just three parties: 1) the Defendant; 2) the Plaintiff; and 3) a company named Shougang International (Canada) Investment Ltd. ("**Shougang**").
6. Further, it appears that the 100 common shares of CKDMC are held as follows:
 - (a) 51 by the Plaintiff;
 - (b) 24 by the Defendant; and
 - (c) 25 by Shougang.
7. I have recently been provided by counsel for the Defendant in this proceeding a copy of a balance sheet for CKDMC which is attached hereto as Exhibit "**A**" hereto. This balance sheet sets out that as at December 31, 2021:
 - (a) CKDMC held \$51,868,349.37 of cash in various banks;
 - (b) CKDMC's total assets were valued at \$128,145,882.01;
 - (c) CKDMC has liabilities of approximately \$19,495; and
 - (d) The 100 common shares of CKDMC are valued at \$128,016,381.31.
8. If the CKDMC balance sheet attached as Exhibit A is accurate, then

- (a) The Shares of the Defendant which I seized would be valued in excess of \$30 million (24% of \$128 million); and
 - (b) even ignoring the other CKDMC assets listed in Exhibit A, based upon the cash held in CKDMC alone, the Shares would appear to me to be valued in excess of \$12 million.
 - 9. In any event, if Exhibit A is accurate, and there is no substantial financial obligation attached to the CKDMC Security Interest (defined below), the Shares would appear to be worth more than \$55,000, which is the purchase price in the accepted bid made by Witcool.
 - 10. I wish to expand on the First Power's Affidavit concerning the steps I took leading up the Auction and the Auction itself.
 - 11. Because I intended to seize the Shares, and in my review of the Personal Property Registry (the "PPR") search for the Defendant, it appeared that the Shares held by the Defendant in CKDMC might be subject to a security interest in favour of CKDMC (the "**CKDMC Security Interest**"), I reached out directly to CKDMC on September 17, 2021 to request:
 - (a) under section 18.2 (b) of the *Personal Property Security Act* a statement in writing of the amount of the indebtedness and of the terms of payment under the CKDMC Security Interest; and
 - (b) permission to sell the Shares.
- (collectively the "**Bailiff's CKDMC Request** ")
- 12. On October 18, 2021, in a reply email to the Bailiff's CKDMC Request, I was advised that CKDMC did not object to the bailiff seizing the Shares, "provided that CKD's security interest remains registered against the shares". However, I was not provided the other information I requested concerning the indebtedness secured under CKDMC Security Interest.
 - 13. The Bailiff's CKDMC Request and the reply from CKDMC was the only communication I have had with CKDMC in this matter.

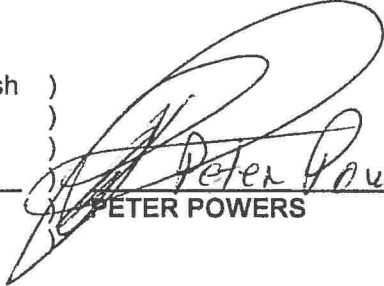
14. I did not know prior to the Auction and I do not know now if the CKDMC Security Interest is valid, if there is any financial obligation of the Defendant to CKDMC attached to it, and if there is such a secured financial obligation due from the Defendant to CKDMC, how much it might be.
15. During the two weeks prior to the Auction, I advertised the sale of the Shares in the Auction once each in the British Columbia Gazette, the Vancouver Sun and the Vancouver Province (the "**Advertisements**").
16. There were no other marketing or advertising efforts made by the bailiff for the sale of the Shares or the Auction other than the Advertisements.
17. Since I did not have any sense of the financial obligation attached to the alleged CKDMC Security Interest in the Shares, I felt I had to make it clear in the Advertisements that the Shares "are subject to a registered security interest, as well as articles and bylaws of the company" (the "**Security Interest Disclaimer**").
18. The Security Interest Disclaimer did not mention the amount of the financial obligation attached to the security interest to which the Shares were subject because, despite the Bailiff's CKDMC Request, I did not know it.
19. The Advertisements also do not mention how many shares were available for sale in CKDMC.
20. Further, the Advertisements do not place any value on the Shares. I do not usually provide a list price for privately held shares in advance of an auction, but in this case I did not have any sense of the value of the Shares prior to the Auction in any event. As such, I had no idea how much the Shares would sell for in advance of the Auction.
21. In fact, other than Exhibit A attached hereto, I have not been provided any other evidence of the value of the Shares to date.
22. Before the Auction, I was not, nor to the best of my knowledge was anyone else at my office contacted by anyone to ask any questions whatsoever about the Auction. I received no questions about the:
 - (a) Shares;

- (b) CKDMC bylaws or articles;
 - (c) business of CKDMC;
 - (d) CKDMC Security Interest;
 - (e) further "Terms and Conditions" mentioned in the Advertisements; or
 - (f) Auction itself.
23. I held the Auction at my offices in Burnaby on November 24, 2021. Three men attended at my offices that day. I had never met any of them before and I do not have any record of who they were, or the purchasers they represented, other than the successful bidder in the end, which was Witcool.
24. Before commencing the Auction at my offices, I made the Security Interest Disclaimer clear to those in attendance. All the attendants were told that that Shares were subject to the CKDMC Security Interest and that I did not have any information about how much of a financial obligation there might attached to that security interest. I asked for questions about that or anything else about the Auction and to my surprise I received none. As such, I proceeded with the Auction.
25. I do not have a record of the actual bids made by those in attendance other than the Witcool bid of \$55,000, which was accepted as it was the highest.
26. Subsequent to Witcool being pronounced as the highest bidder to the date of this affidavit, the court bailiff has never been contacted by Witcool. We made arrangements immediately after the Auction for payment of the deposit by Witcool, but in early January 2022, having heard nothing from them, Robert Lynch our offices reached out to a representative of Witcool to be sure Witcool still wished to follow through with the purchase of the Shares.
27. I am advised by Mr. Lynch, Witcool confirmed its continued interest in that call and asked when the application for Court approval of the Shares would be heard. Witcool asked no other questions, including not making any inquiries about the Shares, the CKDMC Security Interest, the CKDMC bylaws or articles, or the business of CKDMC generally.

28. If Exhibit A attached hereto is accurate and there is no substantial financial obligation attached to the CKDMC Security Interest, the Witcool bid is well below market value for the Shares. If Exhibit A is inaccurate, I still cannot say whether the Witcool Bid represents market value for the Shares.

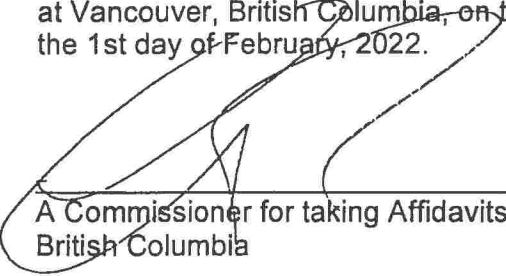
SWORN BEFORE ME at Vancouver, British Columbia, on February 1, 2022.

A Commissioner for taking Affidavits for British Columbia.


PETER POWERS

COLIN BROUSSON
Barrister & Solicitor
DLA Piper (Canada) LLP
666 Burrard Street, Suite 2800
Vancouver, BC V6C 2Z7
604.643.6400

This is **Exhibit "A"** referred to in the Affidavit of Peter Powers, sworn before me at Vancouver, British Columbia, on this the 1st day of February, 2022.



A Commissioner for taking Affidavits for
British Columbia

COLIN BROUSSON
Barrister & Solicitor
DLA Piper (Canada) LLP
666 Burrard Street, Suite 2800
Vancouver, BC V6C 2Z7
604.643.6400

Canadian Kailuan Dehua Mines Co. Ltd.
Balance Sheet
As of 31 December 2021

ASSETS	资产	31 Dec 21
Current Assets	流动资产：	
Chequing/Savings		
1002 · Cash at Bank		
10021 · Bank - BOC - CND	货币资金 - CND	719,653.33
10022 · Bank - BOC - USD		
100221 · Bank - BOC - USD	货币资金 - USD	1,481,844.35
100222 · Bank - BOC - USD EXCH	货币资金 - USD 外汇兑换	396,837.92
Total 10022 · Bank - BOC - USD		1,878,682.27
10023 · Term deposit - BOC - USD		
100231 · Term deposit - USD	定期存款 - BOC - USD	10,300,000.00
100232 · Term deposit - USD EXCH	定期存款 - BOC - USD 外汇兑换	2,758,340.00
Total 10023 · Term deposit - BOC - USD		13,058,340.00
10026 · Term deposit - BOC - CND	定期存款 - BOC - CND	11,763,508.63
10028 · Bank - BOC - CNY		
100281 · Bank - BOC - CNY	货币资金 - BOC - CNY	11.02
100282 · Bank - BOC - CNY EXCH	货币资金 - BOC - CNY 外汇兑换	-8.82
Total 10028 · Bank - BOC - CNY		2.20
10030 · Bank - Scotia - CND	货币资金 - 丰业银行 - CND	1,298,087.50
10031 · Bank - Scotia - USD		
100311 · Bank - Scotia - USD	货币资金 - 丰业银行 - USD	2,005,107.82
100312 · Bank - Scotia - USD EXCH	货币资金 - 丰业银行 - USD 外汇兑换	536,967.82
Total 10031 · Bank - Scotia - USD		2,542,075.44
10032 · Term deposit - Scotiabank - CND	定期存款 - 丰业银行 - CND	20,608,000.00
Total 1002 · Cash at Bank	货币资金合计	51,868,349.37
Total Chequing/Savings		51,868,349.37
Accounts Receivable		
1122 · Accounts receivable	应收款	
112201 · Accounts receivable - USD	应收款 - 美元	974,759.72
112202 · Accounts receivable - USD EXCH	应收款 - 美元汇率调整	261,040.65
Total 1122 · Accounts receivable	应收款合计	1,235,800.37
Total Accounts Receivable		1,235,800.37
Other Current Assets	其他流动资产	

Balance Sheet
As of 31 December 2021

		31 Dec 21
1125 · Interest Receivable	应收利息	119,612.25
12100 · Inventory Asset	存货	
121003 · Goods In Stock - Guohe - USD	发出商品- 国和 - 美元	2,741,411.40
121004 · Goods In Stock - Guohe - USD EX	发出商品- 国和 - 美元汇率调整	718,839.35
Total 12100 · Inventory Asset	发出商品- 国和合计	3,460,250.75
1221 · Other receivable		
122110 · GST/PST receivable		
12211 · GST receivable	应收售后服务税金	201,689.30
Total 122110 · GST/PST receivable	应收售后服务税金合计	201,689.30
12212 · Deposit	其他应收款押金	30,950.00
Total 1221 · Other receivable	其他应收款	232,639.30
Total Other Current Assets	其他流动资产合计	3,812,502.30
Total Current Assets	流动资产合计	56,916,652.04
Fixed Assets	固定资产	
1601 · Capital assets		
16011 · Capital assets- production	固定资产 - 生产	
160111 · Machinery & equipment	专用设备 - 原价	31,166.56
Total 16011 · Capital assets- production	固定资产 - 生产合计	31,166.56
16012 · Capital assets-non production	固定资产 - 非生产	
160121 · Electronic & Comm. equip - cost	电子及通讯 - 原价	13,240.25
160122 · Vehicle - cost	汽车 - 原价	121,535.25
160123 · Equipment and appliances - cost	生活用电器和照明设备 - 原价	585.66
Total 16012 · Capital assets-non production	固定资产 - 非生产合计	135,361.16
Total 1601 · Capital assets		166,527.72
1602 · Accumulated amortization		
16021 · Accum amort - production	累计折旧 - 生产	
160211 · Machinery & Equipment-accum amo	专用设备 - 折旧	-28,068.81
Total 16021 · Accum amort - production	累计折旧 - 生产	-28,068.81
16022 · Accum amort - non production		
160221 · Elect. & Comm. equip-accum amor	电子及通讯 - 折旧	-10,738.40
160222 · Vehicle - accum amort	汽车 - 折旧	-121,336.56
160223 · Equip & appliances- accum amort	生活用电器和照明设备 - 折旧	-585.66

Balance Sheet
As of 31 December 2021

		31 Dec 21
Total 16022 · Accum amort - non production	累计折旧 - 非生产	-132,660.62
Total 1602 · Accumulated amortization	累计折旧合计	-160,729.43
Total Fixed Assets	固定资产合计	5,798.29
Other Assets		
1604 · Construction in progress (CIP)	在建工程	
16040 · CIP - Gething Coal Project	煤田项目	
16043 · CIP-coal proj-mine construction	煤田项目 - 矿井建设	
160431 · CIP-coal-MC-env't assessment	煤田项目 - 矿井建设 - 环评费用	2,467,849.32
160432 · CIP-coal-MC-feasibility asse	煤田项目 - 矿井建设 - 矿井详细可研	650,013.05
160433 · CIP-coal-MC-technical report	煤田项目 - 矿井建设 - 大块样品矿井排放许可所完成的技术评估报告	643,848.55
160434 · CIP-coal-MC-mine design	煤田项目 - 矿井建设 - 大样矿井方案设计	282,009.10
160435 · CIP-coal-MC-transportation asse	煤田项目 - 矿井建设 - 煤炭运输方案可行性研究	667,310.15
160436 · CIP-coal-MC-native culture sty	煤田项目 - 矿井建设 - 原住民传统文化研究	1,107,556.14
160437 · CIP-coal-MC-native activities	煤田项目 - 矿井建设 - 其他原住民活动	150,000.00
160438 · CIP-coal-MC-coal washing sty	煤田项目 - 矿井建设 - 洗煤方案研究	40,792.86
160439 · CIP-coal-MC-electricity study	煤田项目 - 矿井建设 - 供电方案研究	323,814.44
Total 16043 · CIP-coal proj-mine construction		6,332,993.61
16044 · CIP-coal proj-prop pymt	煤田项目 - 矿业权成本	45,418,500.00
16045 · CIP-coal proj-deferred expenses	煤田项目 - 待摊费用	
160451 · CIP-coal proj-geology	煤田项目 - 地质学	624,367.20
160452 · CIP-coal proj-Project mgmt	煤田项目 - 项目管理	1,020,529.17
160453 · CIP-coal proj-drilling	煤田项目 - 钻探	7,506,321.07
160454 · CIP-coal proj-env't assessment	煤田项目 - 环评评估	1,043,688.07
160455 · CIP-coal proj-excavation	煤田项目 - 坑掘	384,995.24
160456 · CIP-coal proj-tunnel logging	煤田项目 - 储层评价	120,689.84
160457 · CIP-coal proj-feasibility asse	煤田项目 - 地质可行性评估	354,024.30
160458 · CIP-coal proj-methane desorb st	煤田项目 - 甲烷解吸研究	73,523.54
160459 · CIP-coal proj-engineering	煤田项目 - 工程费	136,634.88
160460 · CIP-coal proj-road repair&malnt	煤田项目 - 道路维修和保养	458,315.18
160461 · CIP-coal proj-survey	煤田项目 - 测量	531,478.59
160462 · CIP-coal proj-amortization	煤田项目 - 折旧	281,753.05
160463 · CIP-coal proj-mapping	煤田项目 - 测绘	99,496.94

Canadian Kailuan Dehua Mines Co. Ltd.
Balance Sheet
As of 31 December 2021

		31 Dec 21
160464 · CIP-coal proj-recording fee	煤田项目 - 矿权费	3,471,410.00
160465 · CIP-coal proj-freight	煤田项目 - 运费	166,923.79
160466 · CIP-coal proj-field supplies	煤田项目 - 野外用品	452,011.92
160467 · CIP-coal proj-equipment rental	煤田项目 - 租设备	500,235.24
160468 · CIP-coal proj-report prep.	煤田项目 - 报告准备	21,100.00
1604691 · CIP-coal proj-assay & sampling	煤田项目 - 化验和样品	157,336.08
1604692 · CIP-coal proj-explorat'n tax CR	煤田项目 - 探矿抵免税款	-3,699,114.87
1604693 · CIP-coal proj-flow testing	煤田项目 - 抽水实验	300,692.61
1604694 · CIP-coal proj-reclamation	煤田项目 - 复垦费用	102,164.74
160470 · CIP-coal proj-finance charge	煤田项目 - 金融费用	
1604701 · CIP-coal proj-bank charges	煤田项目 - 银行费用	13,702.08
1604702 · CIP-coal proj-foreign ex	煤田项目 - 外汇(收益)亏损	-3,907,802.50
1604703 · CIP-coal proj-interest income	煤田项目 - 利息收入	-9,213,109.12
1604704 · CIP-coal proj-interest expense	煤田项目 - 利息费用	3,039.42
1604705 · CIP-coal proj-other income	煤田项目 - 其他收入	-7,673.50
1604706 · CIP-term deposit interest income	煤田项目 - 定期存款利息收入	-119,612.25
1604707 · Standby LC Issuance commission	煤田项目 - 复垦保证金信用证开证费	61,579.91
1604708 · CIP-coal proj-foreign ex other	煤田项目 - 外汇(收益)亏损 - 其他	240,885.94
Total 160470 · CIP-coal proj-finance charge	煤田项目 - 金融费用合计	-12,928,990.02
160471 · CIP-coal proj-G&A		
1604711 · CIP-coal proj-consulting-technl	煤田项目 - 咨询	133,427.20
1604712 · CIP-coal proj-consulting-p.rei	煤田项目 - 公关策略咨询	59,188.16
1604713 · CIP-coal proj-travel	煤田项目 - 差旅费	391,391.97
1604714 · CIP-coal proj-accomodation	煤田项目 - 住宿费	559,823.93
1604715 · CIP-coal proj-airtickets	煤田项目 - 机票	920,506.01
1604716 · CIP-coal proj-auto exp	煤田项目 - 汽车	312,787.23
1604717 · CIP-coal proj-transportation	煤田项目 - 交通费	261,199.54
1604718 · CIP-coal proj-parking	煤田项目 - 停车费	59,799.69
1604719 · CIP-coal proj-entertainment	煤田项目 - 招待费	102,310.48
1604720 · CIP-coal proj-meals	煤田项目 - 餐费	665,152.10
1604721 · CIP-coal proj-promotion	煤田项目 - 推广费	841,828.34
1604722 · CIP-coal proj-office supply	煤田项目 - 办公用品	315,011.36
1604723 · CIP-coal proj-office furniture	煤田项目 - 办公家具	66,237.15

Canadian Kailuan Dehua Mines Co. Ltd.
Balance Sheet
As of 31 December 2021

		31 Dec 21
1604724 · CIP-coal proj-phone exp	煤田项目 - 电话费	194,659.83
1604725 · CIP-coal proj-rent & utilities	煤田项目 - 房租及水电费	2,082,749.50
1604726 · CIP-coal proj-employee supply	煤田项目 - 雇员用品	103,268.41
1604727 · CIP-coal proj-conference	煤田项目 - 会议	27,114.81
1604728 · CIP-coal proj-labour costs	煤田项目 - 劳务费	30,936.02
1604729 · CIP-coal proj-site maintenance	煤田项目 - 站点维修和保养	257,748.03
1604730 · CIP-coal proj-firstaid & safety	煤田项目 - 急救及安全费用	585,381.63
1604731 · CIP-coal proj-security service	煤田项目 - 保安	21,057.64
1604732 · CIP-coal proj-wages & benefits	煤田项目 - 实发工资	9,576,468.07
1604733 · CIP-coal proj-CPP employer	煤田项目 - 养老保险企业部分	224,246.80
1604734 · CIP-coal proj-EI employer	煤田项目 - 失业保险企业部分	114,396.27
1604735 · CIP-coal proj-WCB	煤田项目 - 工伤保险	96,643.06
1604736 · CIP-coal proj-uniform	煤田项目 - 制服费	2,110.73
1604737 · CIP-coal proj-insurance	煤田项目 - 保险	5,375.96
1604739 · CIP-coal proj-advertising	煤田项目 - 广告费	7,358.52
1604740 · CIP-coal proj-miscellaneous	煤田项目 - 杂项	15,395.20
1604741 · CIP-coal proj-work training	煤田项目 - 培训	35,127.74
1604742 · CIP-coal proj-hiring credit	煤田项目 - 雇佣优惠	-4,105.13
1604743 · CIP-coal proj-medical treatment	煤田项目 - 工伤治疗费	13,313.24
1604744 · CIP-coal proj-work permit	煤田项目 - 工作签证费用	40,634.81
1604745 · CIP-coal proj-EHT	煤田项目 - 雇主健康税	9,983.23
1604746 · CIP-coal proj-legal services	煤田项目 - 法律服务费	113,823.18
Total 160471 · CIP-coal proj-G&A	煤田项目 - 管理费用合计	<u>18,242,350.51</u>
Total 16045 · CIP-coal proj-deferred expenses		<u>19,421,938.07</u>
Total 16040 · CIP - Gathering Coal Project		71,173,431.68
16049 · CIP - Substitute Project	替代项目	
160490 · CIP-Subs. proj-legal services	替代项目 - 法律费用	50,000.00
Total 16049 · CIP - Substitute Project		<u>50,000.00</u>
Total 1604 · Construction In progress (CIP)		<u>71,223,431.68</u>
Total Other Assets		71,223,431.68
TOTAL ASSETS	资产总计：	<u><u>128,145,882.01</u></u>
LIABILITIES & EQUITY		
Liabilities		

Canadian Kailuan Dehua Mines Co. Ltd.
Balance Sheet
As of 31 December 2021

		<u>31 Dec 21</u>
Current Liabilities		
Other Current Liabilities		
2211 - Wages payable		
22112 - CPP payable-employer	应付职工薪酬-养老保险企业部分	229.36
22113 - EI payable-employer	应付职工薪酬-失业保险企业部分	99.54
Total 2211 - Wages payable		<u>328.90</u>
2221 - Taxes payable		
22211 - Indv. Income tax-employee	个人所得税	18,864.77
Total 2221 - Taxes payable		<u>18,864.77</u>
2241 - Other payables		
22414 - Wages payable-CPP employee	养老保险个人部分	229.36
22415 - Wages payable-EI employee	失业保险个人部分	71.10
Total 2241 - Other payables		<u>300.46</u>
Total Other Current Liabilities	其它流动负债合计	<u>19,494.13</u>
Total Current Liabilities	流动负债合计	<u>19,494.13</u>
Total Liabilities	负债合计	<u>19,494.13</u>
Equity	所有者权益：	
4001 - Common shares	实收资本	128,016,381.31
4104 - Retained earnings	未分配利润	-389,431.14
Net Income	净利润	499,437.71
Total Equity	所有者权益合计	<u>128,126,387.88</u>
TOTAL LIABILITIES & EQUITY	负债和所有者权益总计：	<u><u>128,145,882.01</u></u>

No. S-214547
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

BETWEEN:

CANADA ZHONGHE
INVESTMENT LTD.

PLAINTIFF

AND:

CANADIAN DEHUA
INTERNATIONAL MINES
GROUP INC.

DEFENDANT

AFFIDAVIT

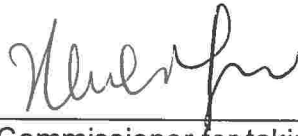
DLA Piper (Canada) LLP
Barristers & Solicitors
2800 Park Place
666 Burrard Street
Vancouver, BC V6C 2Z7

Tel. No. 604.687.9444
Fax No. 604.687.1612

File No.: 080762-00012

CDB/day

This is **Exhibit "M"** referred to in the
Affidavit of Naishun Liu sworn
before me at Vancouver, British Columbia
on this the 31 day of May, 2022.



A Commissioner for taking Affidavits for
British Columbia

WEIGUO HE
Barrister and Solicitor
DLA Piper (Canada) LLP
666 Burrard Street, Suite 2800
Vancouver, BC V6C 2Z7
604.643.6417

Financial Statements
[Expressed in Canadian dollars]

Canadian Kailuan Dehua Mines Co., Ltd.
December 31, 2020

Mao & Ying LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Canadian Kailuan Dehua Mines Co., Ltd.

Opinion

We have audited the financial statements of **Canadian Kailuan Dehua Mines Co., Ltd.** (the "Company"), which comprise the statement of financial position as at December 31, 2020, and the statements of income and comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Mao & Ying LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Mao & Ying LLP

Vancouver, Canada,
March 2, 2021

Chartered Professional Accountants

Canadian Kailuan Dehua Mines Co., Ltd.

STATEMENT OF FINANCIAL POSITION
[Expressed in Canadian dollars]

As at December 31

	2020	2019
	\$	\$
ASSETS		
Current		
Cash and cash equivalents	2,987,557	4,773,744
Short term investments [note 4]	49,609,039	44,990,447
Accounts Receivable [note 11]	2,187,332	2,995,329
Prepayments	329,937	—
Other receivables [note 5]	258,101	281,179
Inventory	2,802,947	3,485,396
Total current assets	58,174,913	56,526,095
Equipment, net [note 6]	16,934	26,866
Exploration and evaluation assets [note 7]	82,795,007	81,723,434
Reclamation and security deposits	30,000	1,730,000
	141,016,854	140,006,395
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	337,977	435,683
Advances from customers	343,226	—
	681,203	435,683
Deferred tax liabilities [note 12]	2,116,136	1,914,144
Total liabilities	2,797,339	2,349,827
Shareholders' equity		
Share capital [note 8]	128,016,381	128,016,381
Retained earnings	10,203,134	9,640,187
Total shareholders' equity	138,219,515	137,656,568
	141,016,854	140,006,395

See accompanying notes

On behalf of the Board:

Wang, Faliang
Director

Liu, Baozhu
Director

Canadian Kailuan Dehua Mines Co., Ltd.

STATEMENT OF INCOME AND COMPREHENSIVE INCOME

[Expressed in Canadian dollars]

For the year ended December 31

	2020	2019
	\$	\$
Sales	7,264,743	3,083,796
Cost of goods sold	7,073,289	3,071,130
Commission income [note 11]	191,454	12,666
	75,496	68,046
Expenses		
Accounting and audit	14,688	17,105
Legal	6,018	16,860
Office expenses	17,288	10,277
Written off Golden Star Project	131,480	—
Operating expense before the following	169,474	44,242
Other (income) expense		
Gain on disposition equipment	(3,429)	—
Foreign exchange loss	352,828	1,002,901
Interest income	(1,016,862)	(1,191,050)
Income before income taxes	764,939	224,619
Income tax expense [note 12]	201,992	194,822
Net income and comprehensive income	562,947	29,797

See accompanying notes

Canadian Kailuan Dehua Mines Co., Ltd.

STATEMENT OF CHANGES IN EQUITY

[Expressed in Canadian dollars]

	Share Capital \$	Retained earnings \$	Total Equity \$
Balance, December 31, 2018	128,016,381	9,610,390	137,626,771
Net income for the year	—	29,797	29,797
Balance, December 31, 2019	128,016,381	9,640,187	137,656,568
Net income for the year	—	562,947	562,947
Balance, December 31, 2020	128,016,381	10,203,134	138,219,515

See accompanying notes

Canadian Kailuan Dehua Mines Co., Ltd.

STATEMENT OF CASH FLOWS

[Expressed in Canadian dollars]

Year ended December 31

	2020	2019
	\$	\$
OPERATING ACTIVITIES		
Net income for the year before income taxes	764,939	224,619
Add [deduct] items not involving cash		
Written-off Golden start project	131,480	—
Interest income	(1,016,862)	(1,191,050)
Unrealized foreign exchange loss [gain]	267,943	659,711
	<u>147,500</u>	<u>(306,720)</u>
Net change in non-cash working capital balances related to operations		
Accountants receivable	807,997	1,075,723
Other receivables	(35,237)	589,876
Prepayments	(329,937)	—
Inventory	682,449	(3,485,396)
Accounts payable and accrued liabilities	(97,706)	412,383
Advances from customers	343,226	—
Cash [used in] from operating activities	<u>1,370,792</u>	<u>(1,407,414)</u>
Adjustments to net income for cash items		
Interest income received	1,075,177	1,100,356
Net operating cash flows	<u>2,593,469</u>	<u>(613,778)</u>
INVESTING ACTIVITIES		
Short-term investment purchases, net of redemptions	(4,956,510)	(8,996,660)
Purchase of equipment	(1,129)	(2,228)
Decreased of long-term deposit	1,700,000	—
Acquisition of exploration and evaluation assets	(1,191,992)	(1,220,544)
Net investing cash flows	<u>(4,449,631)</u>	<u>(10,219,432)</u>
Effect of exchange rate on changes on cash	<u>69,975</u>	<u>5,510,511</u>
Net change in cash and cash equivalents during the year	<u>(1,786,187)</u>	<u>(11,383,720)</u>
Cash and cash equivalents, beginning of year	4,773,744	16,157,464
Cash and cash equivalents, end of year	<u>2,987,557</u>	<u>4,773,744</u>
Supplemental cash flow information		
Interest expenses paid	—	—
Income taxes paid	—	—

See accompanying notes

Canadian Kailuan Dehua Mines Co., Ltd.

NOTES TO FINANCIAL STATEMENTS

[Expressed in Canadian dollars]

December 31, 2020

1. NATURE OF OPERATIONS

Canadian Kailuan Dehua Mines Co., Ltd [“CKD” or “the Company”] was incorporated under the laws of the Business Corporations Act (British Columbia) on December 5, 2008. CKD engages in underground coal mining in Northern British Columbia. CKD’s current coal mine project [“Gething Project”] is located 25 km south of Hudson’s Hope, BC. The Company is in the process of obtaining various licenses and permits from the government before it can commence development of the mine and has not generated significant revenue from operations to date and is considered to be in the exploration stage. The address of the principal place of business is 3800 Wesbrook Mall, Vancouver, BC, Canada.

2. BASIS OF PREPARATION

Statement of compliance, preparation and measurement

These financial statements have been prepared in accordance with International Financial Reporting Standards [“IFRS”], International Accounting Standards [“IAS”] and Interpretation of the IFRS Interpretation Committee [“IFRIC”] as issued by the International Accounting Standards Board [“IASB”].

The financial statements have been prepared mainly under the historical cost basis except for those as explained in the accounting policies below. The financial statements are presented in Canadian dollars, except when otherwise indicated.

The policies applied in these financial statements are based on IFRS issued and effective as at December 31, 2020.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the significant accounting policies followed by management of the Company in the preparation of these financial statements:

The accounting policies set out below have been applied consistently by the Company for all periods presented in these financial statements.

[a] Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and deposits with banks and redeemable term deposits that are readily convertible to cash with maturities of three months or less when purchased. As at December 31, 2020, the Company has cash and cash equivalents \$2,987,557. As at December 31, 2020, the Company had cash equivalents consisting of a short-term deposit in the amount of \$49,609,039.

Canadian Kailuan Dehua Mines Co., Ltd.

NOTES TO FINANCIAL STATEMENTS

[Expressed in Canadian dollars]

December 31, 2020

[b] Financial instruments

The classification and measurement of financial assets is based on the Company's business models for managing its financial assets and whether the contractual cash flows represent solely payments for principal and interest.

Under IFRS 9, financial assets are classified into one of three categories below:

- amortized cost;
- fair value changes through other comprehensive income ["FVOCI"]; and
- fair value through profit or loss ["FVTPL"]

Under IFRS 9, financial liabilities are classified into one of two categories below:

- amortized cost; and
- FVOCI

[i] Initial recognition

The classification is determined at initial recognition and depends on the nature and purpose of the financial asset. On initial recognition, all financial assets and financial liabilities are recorded at fair value adjusted for directly attributable transaction costs except for financial assets and liabilities classified as FVTPL, in which case transaction costs are expensed as incurred.

[ii] Subsequent measure of financial assets

Financial assets classified as amortized cost are measured using the effective interest method. Amortized cost is calculated by taking into account any discount or premiums on acquisition and fees that are an integral part of the effective interest method. Amortization from the effective interest method is included in finance income. Financial assets classified as FVTPL are measured at fair value with changes in fair values recognized in profit or loss. Equity investments designated as FVTOCI are measured at fair value with changes in fair values recognized in other comprehensive income ["OCI"]. Dividends from that investment are recorded in profit or loss when the Company's right to receive payment of the dividend is established unless they represent a recovery of part of the cost of the investment.

As at years ended December 31, 2020 and 2019, the Company does not have any financial assets that are classified as FVPL and FVTOCI.

Canadian Kailuan Dehua Mines Co., Ltd.

NOTES TO FINANCIAL STATEMENTS

[Expressed in Canadian dollars]

December 31, 2020

[iii] Impairment of financial assets carried at amortized cost

The Company assesses at the end of each reporting period whether there is objective evidence that financial assets or group of financial assets measured at amortized cost are impaired. Impairment losses and reversal of impairment losses, if any, are recognized in profit or loss in the period they are incurred.

[iv] Subsequent measure of financial liabilities

Financial liabilities classified as amortized cost are measured using the effective interest method. Amortized cost is calculated by taking into account any discount or premiums on acquisition and fees that are an integral part of the effective interest method. Amortization using the effective interest method is included in finance costs.

Financial liabilities classified as FVTPL are measured at fair value with gains and losses recognized in profit or loss. As at December 31, 2020 and 2019, the Company does not have any financial liabilities classified as FVTPL.

[v] Derecognition of financial assets and financial liabilities

A financial asset is derecognized when the rights to receive cash flows from the asset have expired; or The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass - through' arrangement; and either [a] the Company has transferred substantially all the risks and rewards of the asset, or [b] the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Gains and losses on derecognition of financial assets and liabilities classified as amortized cost are recognized in profit or loss when the instrument is derecognized or impaired, as well as through the amortization process. Gains and losses on derecognition of equity investments designated as FVTOCI [including any related foreign exchange component] are recognized in OCI. Amounts presented in OCI are not subsequently transferred to profit or loss, although the cumulative gain or loss may be transferred within equity.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability. In this case, a new liability is recognized, and the difference in the respective carrying amounts is recognized in the statement of income.

[vi] Offsetting of financial instruments

Financial assets and liabilities are offset, and the net amount is reported in the consolidated statement of financial position if and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle liabilities simultaneously.

Canadian Kailuan Dehua Mines Co., Ltd.

NOTES TO FINANCIAL STATEMENTS

[Expressed in Canadian dollars]

December 31, 2020

[vii] Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices, without deduction for transaction costs. For financial instruments that are not traded in active markets, the fair value is determined using appropriate valuation techniques, such as using a recent arm's length market transaction between knowledgeable and willing parties, discounted cash flow analysis, reference to the current fair value of another instrument that is substantially the same, or other valuation models.

[c] Foreign currency transactions

The Company's reporting currency and the functional currency is the Canadian dollar as this is the principal currency of the economic environment in which the Company operates. Foreign currency transactions are translated at the rate in effect when the transactions occur. Monetary assets and liabilities denominated in a foreign currency [if any] are translated at the rate in effect at the reporting period date.

[d] Equipment

Equipment is stated at cost, less accumulated depreciation. Depreciation is calculated on a straight-line basis at the following annual rates based on estimated useful lives:

Mining equipment and machinery	10 years
Office equipment	5 years
Communications equipment	6 years
Vehicles	10 years

An item of equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss.

[e] Exploration and evaluation assets

All license acquisition, exploration and evaluation costs and directly attributable administration costs are initially capitalized by property.

The exploration and evaluation assets are capitalized until the exploration and evaluation assets to which they relate are placed into commercial production, disposed of through sale or where management has determined there to be impairment. If an exploration and evaluation property interest is abandoned, both the exploration and evaluation cost will be written off to profit or loss in the period of abandonment. Depletion of costs capitalized on projects put into commercial production will be recorded using the unit-of-production method based upon estimated, proven and probable reserves.

Canadian Kailuan Dehua Mines Co., Ltd.

NOTES TO FINANCIAL STATEMENTS

[Expressed in Canadian dollars]

December 31, 2020

[f] Impairment of non-financial assets

At each date of the balance sheet, long-lived assets, including evaluation and exploration assets, equipment is reviewed and tested for impairment when indicators of impairment are considered to exist. Impairment assessments are conducted at the level of cash-generating units ["CGU"], which is the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets. An impairment loss is recognized for any excess of carrying amount of a CGU over its recoverable amount, which is the greater of its fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments for the time value of money and risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

If the recoverable amount of an asset [or CGU] is estimated to be less than its carrying amount, the carrying amount of the asset [or CGU] is reduced to its recoverable amount, and the impairment loss is recognized in profit or loss for the period. A previously recognized impairment is reversed only if there has been a change of assumptions used to determine the asset's recoverable amount since the last impairment was recognized.

[g] Revenue

Revenues are recognized when it transfers control of the product or service to a customer, which is usually when the goods are delivered to locations designated by the customers.

The Company assesses its revenue arrangements against specific criteria in order to determine if it is acting as a principal or agent. The Company has concluded that it acts as a principal for Ferroniobium China export business and therefore earns revenue on a gross basis; and it acts as an agent for the rest sales arrangements and earns revenue from those trading transactions on a net basis.

[h] Income taxes

Current tax is the expected tax payable or receivable on the local taxable income or loss for the year, using local tax rates enacted or substantively enacted at the end of each reporting period, and includes any adjustments to tax payable or receivable in previous years.

Deferred income taxes are recorded using the liability method whereby deferred tax is recognized in respect of temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they are realized or settled, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is not recognized for temporary differences which arise on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting, nor taxable profit or loss.

Canadian Kailuan Dehua Mines Co., Ltd.

NOTES TO FINANCIAL STATEMENTS

[Expressed in Canadian dollars]

December 31, 2020

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future tax profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

[i] Significant estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures of contingent assets and liabilities as at the date of the financial statements, and the reported amounts of income and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates if different assumptions were used and different conditions existed. The Company's significant estimates and judgements include the assessment of any impairment of exploration and evaluation assets. The Company considers both external and internal sources of information in assessing whether there are any indicators that mineral interest is impaired. External sources of information include changes in the market, and the economic and legal environment in which the Company operates. Internal sources of information include the manner in which mineral interest are being used or are expected to be used. Management has assessed impairment indicators on the Company's mineral interests and has concluded that no impairment indicators during the years ended December 31, 2020 and 2019.

[j] Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset over a period of time in exchange for consideration. The Company assesses whether the contract involves the use of an identified asset, whether the Company has the right to obtain substantially all of the economic benefits from the use of the asset during the term of the contract and if the Company has the right to direct the use of the asset.

As a lessee, the Company recognizes a right-of-use asset, which is included in property, plant and equipment, and a lease liability at the commencement date of the lease. The right-of-use asset is initially measured at cost, which is comprised of the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any decommissioning and restoration costs, less any lease incentives received.

The right-of-use asset is subsequently depreciated from the commencement date to the earlier of the end of the lease term, or the end of the useful life of the asset. In addition, the right-of-use asset may be reduced due to impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

A lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date discounted by the interest rate implicit in the lease or, if that rate cannot be readily determined, the incremental borrowing rate. The lease liability is subsequently measured at amortized cost using the effective interest method. Lease payments included in the measurement of the lease liability comprise:

Canadian Kailuan Dehua Mines Co., Ltd.

NOTES TO FINANCIAL STATEMENTS

[Expressed in Canadian dollars]

December 31, 2020

fixed payments; variable lease payments that depend on an index or a rate; amounts expected to be payable under any residual value guarantee, and the exercise price under any purchase option that the Company would be reasonably certain to exercise; lease payments in any optional renewal period if the Company is reasonably certain to exercise an extension option; and penalties for any early termination of a lease unless we are reasonably certain not to terminate early.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of twelve months or less and leases of low-value assets. The lease payments associated with these leases are charged directly to income on a straight-line basis over the lease term.

The Company's head office lease is on monthly basis and has applied the short-term lease exemption. The Company does not have other significant operating leases during the years ended December 31, 2020 and 2019.

Canadian Kailuan Dehua Mines Co., Ltd.

NOTES TO FINANCIAL STATEMENTS

[Expressed in Canadian dollars]

December 31, 2020

4. SHORT-TERM INVESTMENTS

	2020	2019
	\$	\$
Term deposits	<u>49,609,309</u>	<u>44,990,447</u>
	<u>49,609,309</u>	<u>44,990,447</u>

Short-term investment represents redeemable term deposits in bank that are readily convertible to cash with maturities of more than three months when purchased. [Also see Note 14]

5. OTHER RECEIVABLES

	2020	2019
	\$	\$
GST receivable	36,566	1,329
Renal deposit	950	950
Interest receivable	<u>220,585</u>	<u>278,900</u>
	<u>258,101</u>	<u>281,179</u>

Canadian Kailuan Dehua Mines Co., Ltd.

NOTES TO FINANCIAL STATEMENTS

[Expressed in Canadian dollars]

December 31, 2020

6. EQUIPMENT

	Mining equipment and machinery \$	Office equipment \$	Communications equipment \$	Vehicles \$	Total \$
Cost					
As at December 31, 2018	31,167	586	68,095	194,080	293,928
Additions	—	—	2,228	—	2,228
As at December 31, 2019	31,167	586	70,323	194,080	296,156
Additions	—	—	1,129	—	1,129
Disposals	—	—	(58,213)	(72,524)	(130,757)
As at December 31, 2020	31,167	586	13,239	121,536	166,528
Accumulated depreciation					
As at December 31, 2018	19,186	586	67,228	164,340	251,340
Depreciation	2,961	—	518	14,470	17,949
As at December 31, 2019	22,147	586	67,746	178,810	269,289
Depreciation	2,961	—	565	7,535	11,061
Disposals	—	—	(58,213)	(72,544)	(130,757)
As at December 31, 2020	25,108	586	10,099	113,801	149,594
Net book value					
As at December 31, 2018	11,980	—	867	29,740	42,587
As at December 31, 2019	9,019	—	2,577	15,269	26,866
As at December 31, 2020	6,059	—	3,140	7,735	16,934

Canadian Kailuan Dehua Mines Co., Ltd.

NOTES TO FINANCIAL STATEMENTS

[Expressed in Canadian dollars]

December 31, 2020

7. EXPLORATION AND EVALUATION ASSETS

Exploration and evaluation assets consist of the following:

	2020	2019
	\$	\$
Balance, beginning of year	81,723,434	80,484,941
Additions	1,071,573	1,238,493
Balance, end of year	<u>82,795,007</u>	<u>81,723,434</u>

Exploration and evaluation assets as of December 31, 2020 consist of the Company's costs to acquire mining permits and licenses for Gething Project and various exploration expenditures on feasibility study, preliminary mine design, project management and environmental assessment activities. During the year ended December 31, 2020, the Company has assessed and concluded that there are no impairment indicators.

8. SHARE CAPITAL

[a] Authorized

The Company is authorized to issue an unlimited number of common shares, without par value.

[b] Issued

As at December 31, 2020 and 2019, the following common shares of the Company have been issued to respective parties:

- 64,686,700 common shares issued to Canada Zhonghe Investment Ltd. ["Zhonghe"]
- 31,709,100 common shares issued to Shougang International (Canada) Investment Ltd. ["Shougang International"]
- 30,440,900 common shares issued to Canadian Dehua International Mines Group Inc.

Canadian Kailuan Dehua Mines Co., Ltd.

NOTES TO FINANCIAL STATEMENTS

[Expressed in Canadian dollars]

December 31, 2020

9. CAPITAL MANAGEMENT

The Company's objectives in managing capital are to achieve and maintain an optimal capital structure to reduce the overall cost of capital and to preserve the Company's capacity to deploy capital to pursue its strategy of growth and provide returns to shareholders. The Company intends to finance its projects through additional debt or equity financings.

The Company defines capital as common shares.

Risk and capital management are primarily the responsibility of the Company's management and is monitored by the Board of Directors. The Company manages its capital structure and makes adjustments in accordance with changes in economic conditions. In order to maintain or adjust its capital structure, the Company may elect to issue new shares, acquire or dispose of assets or adjust the amount of cash and cash equivalents, or return capital to its shareholder.

The Company is not subject to any externally imposed minimum capital requirements.

10. FINANCIAL INSTRUMENTS

Categories of financial assets and liabilities

The Company's financial instruments are classified into the following categories with balances as at the respective period-end dates as follows:

	2020	2019
	\$	\$
Financial assets at amortized cost		
Cash	2,987,557	4,773,744
Short-term investments	49,609,039	44,990,447
Accounts receivable and other receivables [i]	2,408,867	3,275,179
Financial liabilities at amortized cost		
Accounts payables and accrued liabilities	(337,977)	(435,683)

[i] balance excluding GST receivable

Canadian Kailuan Dehua Mines Co., Ltd.

NOTES TO FINANCIAL STATEMENTS

[Expressed in Canadian dollars]

December 31, 2020

Fair value of financial instruments

The Company classifies its fair value measurements within a fair value hierarchy, which reflects the significance of the inputs used in making the measurements as defined in IFRS 7, *Financial Instruments: Disclosures* ["IFRS 7"].

Level 1 - Unadjusted quoted prices at the measurement date for identical assets or liabilities in active markets.

Level 2 - Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3 - Unobservable inputs which are supported by little or no market activity.

As at December 31, 2020 and 2019, the Company did not have financial liabilities measured at fair value on a recurring basis.

The fair value of the Company's cash and cash equivalents, short-term investments, accounts receivable, other receivables and accounts payable and accrued liabilities are estimated to approximate their carrying values as they are short-term in nature.

Risks arising from financial instruments and risk management

In the normal course of business, the Company is exposed to various types of market risks, including changes in foreign exchange rates and interest rates that may potentially impact its operating results. The Company employs risk management strategies with a view to mitigating these risks on a cost-effective basis.

Currency risk

The Company has not entered into any derivative financial instruments to manage exposures to currency fluctuations. The Company exposure to currency risk affecting net income is summarized as below:

	2020	2019
	\$	\$
Financial assets		
Denominated in USD	18,168,435	15,573,612
Denominated in RMB	—	1,617,287
	<u>18,168,435</u>	<u>17,190,899</u>

As at December 31, 2020, with other variables unchanged, a 10% strengthening [weakening] of Canadian dollars against U.S dollars would have decreased [increased] net income by approximately \$1,651,676.

Canadian Kailuan Dehua Mines Co., Ltd.

NOTES TO FINANCIAL STATEMENTS

[Expressed in Canadian dollars]

December 31, 2020

Credit risk and concentration risk

Financial instruments that potentially subject the Company to credit risk consist of cash and cash equivalents accounts receivable and other receivables. The carrying amount of the assets presented on the balance sheet represents the maximum credit exposure. The Company has deposited cash with reputable financial institutions from which management believes the risk of loss to be remote. As at December 31, 2020, all of the accounts receivable balance of \$2,187,332 is from one customer.

Liquidity risk

Liquidity risk is the risk that the Company may encounter difficulties in meeting obligations associated with financial liabilities when they fall due. As at December 31, 2020, the Company had positive working capital of \$57,493,710 [2019 - \$56,090,412]. Accordingly, the Company is able to meet its current obligations and has minimal liquidity risk. The Company's contractual maturity of accounts payable and accrued liabilities is within one year.

11. RELATED PARTY BALANCES AND TRANSACTIONS

Related party transactions are in the normal course of operations and are measured at the exchange amount of consideration agreed between the related parties. Related party transactions not disclosed elsewhere in these financial statements are listed below. [also see Note 15]

During the year ended December 31, 2019, the Company entered a Cooperation Agreement with Guohe Tengda [Sichuan] Trading Co., Ltd ["Guohe"]. Guohe changed name to Hebei Foreign Integrated Service Trading Ltd. ["Hebei Foreign Integrated Service Trading"] in 2020. The Company is related to Hebei Foreign Integrated Service Trading by way of common ultimate controlling shareholder. Pursuant the Agreement, Hebei Integrated acts as an agent on behalf of the Company for the exported Ferroniobium sales to China to handle the custom report in China, bidding process, sales contracts, ground delivery and facilitate of collection of sales proceeds. In return, Hebei Integrated Service Trading receives a fixed fee of RMB35,000 [approximately \$6,804] per container [approximately 20 tons] of Ferroniobium sold. During the year ended December 31, 2020, all the exported Ferroniobium sales to China were sold to HBIS Group Co., Ltd. through Hebei Foreign Integrated and the Company incurred RMB367,500 [approximately \$71,442] [2019 - RMB140,000 [approximately \$26,887]] to Hebei Integrated as the agent fee. As at December 31, 2020, accounts receivable in the amount of \$2,187,332 [December 31, 2019 - \$2,995,329] will be collected by Hebei Foreign Integrated Service Trading on the Company's behalf.

The Company has entered an office lease agreement with Zhonghe, the 51% shareholder of the Company. The office lease is on monthly basis at \$5,125 per month. For the year ended December 31, 2020, the Company incurred total office rent in the amount of \$61,496 [2019 - \$61,500] to Zhonghe.

The remuneration of members of key management personnel for the year ended December 31, 2020 was \$439,660 [2019 - \$428,296].

Canadian Kailuan Dehua Mines Co., Ltd.

NOTES TO FINANCIAL STATEMENTS

[Expressed in Canadian dollars]

December 31, 2020

12. INCOME TAXES

The Company is subject to income tax in Canada at a tax rate in accordance with the relevant income tax laws.

[a] Income tax expenses

The actual tax recovery differs from expected tax recovery due to the following items:

	2020 \$	2019 \$
Net income for the year	764,939	224,619
Statutory tax rate	27%	27%
Expected tax expense	206,534	60,647
Non-taxable items	73,456	178,250
Taxable temporal difference	15,228	(20,812)
Tax loss utilized	(93,226)	(23,263)
Income tax expense	<u>201,992</u>	<u>194,822</u>
Current income taxes	—	—
Deferred income tax expense	201,992	194,822
Total income tax expense	<u>201,992</u>	<u>194,822</u>

[b] Deferred income tax assets

The table below shows tax effects of temporary differences that give rise to the Company's deferred tax assets and liabilities are as follows:

	2020 \$	2019 \$
Deferred tax assets		
Non-capital losses	2,023,060	2,113,980
Equipment	77,234	74,432
Deferred tax liabilities		
Exploration and evaluation assets	(4,204,170)	(4,013,495)
Unrealized foreign exchange	(12,260)	(89,061)
Net deferred tax liabilities	<u>(2,116,136)</u>	<u>(1,914,144)</u>

At December 31, 2020, the Company has non-capital losses of approximately \$7,493,000 available to offset future taxable income in Canada expiring in various amounts from 2031 to 2040.

Canadian Kailuan Dehua Mines Co., Ltd.

NOTES TO FINANCIAL STATEMENTS

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December 31, 2020

13. SEGMENTED INFORMATION

The Company conducts its business as a single operating segment, being the exploration and development of the Gething Project and earns certain commission incomes through its trading business. All of the Company's assets are located in Canada.

14. LETTER OF GURANTEE

During the year ended December 31, 2020 and as at December 31, 2020, the Company has a letter of guarantee in the amount of \$1,700,000 [the "LOG"] issued by the Bank of China [Canada] in favor of the Ministry of Energy, Mines and Low Carbon Innovation of British Columbia as the reclamation security for the Gething Project (Note 7). As at December 31, 2020, there is no fund withdraw from the LOG.

15. ECONOMIC DEPENDENCE

During the year ended December 31, 2020, \$7,264,743 [2019 - \$3,083,796] sales [representing 100% of Ferroniobium sales] were generated from one customer presenting 100% [2019 - 100% of total sale] and 100% of Ferroniobium purchases were made from one supplier. As at December 31, 2020, all of the accounts receivable balance of \$2,187,332 [December 31, 2019 - \$2,995,329] is from this customer. [Note 11].

Canadian Kailuan Dehua Mines Co. Ltd.
Balance Sheet
As of 31 December 2021

		31 Dec 21
ASSETS	资产	
Current Assets	流动资产:	
Chequing/Savings		
1002 - Cash at Bank		
10021 - Bank - BOC - CND	货币资金 - CND	719,653.33
10022 - Bank - BOC - USD		
100221 - Bank - BOC - USD	货币资金 - USD	1,481,844.35
100222 - Bank - BOC - USD EXCH	货币资金 - USD 外汇兑换	396,837.92
Total 10022 - Bank - BOC - USD		1,878,682.27
10023 - Term deposit - BOC - USD		
100231 - Term deposit - USD	定期存款 - BOC - USD	10,300,000.00
100232 - Term deposit - USD EXCH	定期存款 - BOC - USD 外汇兑换	2,758,340.00
Total 10023 - Term deposit - BOC - USD		13,058,340.00
10026 - Term deposit - BOC - CND	定期存款 - BOC - CND	11,763,508.63
10028 - Bank - BOC - CNY		
100281 - Bank - BOC - CNY	货币资金 - BOC - CNY	11.02
100282 - Bank - BOC - CNY EXCH	货币资金 - BOC - CNY 外汇兑换	-6.82
Total 10028 - Bank - BOC - CNY		2.20
10030 - Bank - Scotia - CND	货币资金 - 丰业银行 - CND	1,298,087.50
10031 - Bank - Scotia - USD		
100311 - Bank - Scotia - USD	货币资金 - 丰业银行 - USD	2,005,107.62
100312 - Bank - Scotia - USD EXCH	货币资金 - 丰业银行 - USD 外汇兑换	536,967.82
Total 10031 - Bank - Scotia - USD		2,542,075.44
10032 - Term deposit - Scotiabank - CND	定期存款 - 丰业银行 - CND	20,608,000.00
Total 1002 - Cash at Bank	货币资金合计	51,868,349.37
Total Chequing/Savings		51,868,349.37
Accounts Receivable		
1122 - Accounts receivable	应收款	
112201 - Accounts receivable - USD	应收款 - 美元	974,759.72
112202 - Accounts receivable - USD EXCH	应收款 - 美元 汇率调整	261,040.65
Total 1122 - Accounts receivable	应收款合计	1,235,800.37
Total Accounts Receivable		1,235,800.37
Other Current Assets	其他流动资产	
1125 - Interest Receivable	应收利息	119,612.25
12100 - Inventory Asset	存货	
121003 - Goods in Stock - Guohe - USD	发出商品 - 国和 - 美元	2,741,411.40
121004 - Goods in Stock - Guohe - USD EX	发出商品 - 国和 - 美元 汇率调整	718,839.35
Total 12100 - Inventory Asset	发出商品 - 国和合计	3,460,250.75
1221 - Other receivable		
122110 - GST/PST receivable		
12211 - GST receivable	应收销售服务税金	201,689.30
Total 122110 - GST/PST receivable	应收销售服务税金合计	201,689.30
12212 - Deposit	其他应收款押金	30,950.00
Total 1221 - Other receivable	其他应收款	232,639.30
Total Other Current Assets	其他流动资产合计	3,812,502.30
Total Current Assets	流动资产合计	56,916,652.04
Fixed Assets	固定资产	
1601 - Capital assets		
16011 - Capital assets- production	固定资产 - 生产	
160111 - Machinery & equipment	专用设备 - 原价	31,166.56
Total 16011 - Capital assets- production	固定资产 - 生产合计	31,166.56
16012 - Capital assets-non production	固定资产 - 非生产	
160121 - Electronic & Comm. equip - cost	电子及通讯 - 原价	13,240.25
160122 - Vehicle - cost	汽车 - 原价	121,535.25
160123 - Equipment and appliances - cost	生活用电器和照明设备 - 原价	585.66
Total 16012 - Capital assets-non production	固定资产 - 非生产合计	135,361.16
Total 1601 - Capital assets		166,527.72
1602 - Accumulated amortization		
16021 - Accum amort - production	累计折旧 - 生产	
160211 - Machinery & Equipment-accum amo	专用设备 - 折旧	-28,068.81
Total 16021 - Accum amort - production	累计折旧 - 生产	-28,068.81
16022 - Accum amort - non production		
160221 - Elect. & Comm. equip-accum amor	电子及通讯 - 折旧	-10,738.40
160222 - Vehicle - accum amort	汽车 - 折旧	-121,336.56
160223 - Equip & appliances- accum amort	生活用电器和照明设备 - 折旧	-585.66
Total 16022 - Accum amort - non production	累计折旧 - 非生产	-132,660.62
Total 1602 - Accumulated amortization	累计折旧合计	-160,729.43
Total Fixed Assets	固定资产合计	5,798.29
Other Assets		
1604 - Construction in progress (CIP)	在建工程	
16040 - CIP - Gething Coal Project	煤田项目	
16043 - CIP-coal proj-mine construction	煤田项目 - 矿井建设	
160431 - CIP-coal-MC-env't assessment	煤田项目 - 矿井建设 - 环评费用	2,467,849.32
160432 - CIP-coal-MC-feasibility asse	煤田项目 - 矿井建设 - 矿井详细可研	650,013.05
160433 - CIP-coal-MC-technical report	煤田项目 - 矿井建设 - 大块样品矿井排放许可所完成的技术评估报告	643,848.55
160434 - CIP-coal-MC-mine design	煤田项目 - 矿井建设 - 大样矿井方案设计	282,009.10
160435 - CIP-coal-MC-transportation asse	煤田项目 - 矿井建设 - 煤炭运输方案可行性研究	667,310.15
160436 - CIP-coal-MC-native culture aty	煤田项目 - 矿井建设 - 原住民传统文化研究	1,107,566.14
160437 - CIP-coal-MC-native activities	煤田项目 - 矿井建设 - 其他原住民活动	150,000.00
160438 - CIP-coal-MC-coal washing sty	煤田项目 - 矿井建设 - 洗煤方案研究	40,792.86

Canadian Kailuan Dehua Mines Co. Ltd.
Balance Sheet
As of 31 December 2021

		31 Dec 21
160439 · CIP-coal-MC-electricity study	煤田项目 - 矿井建设 - 供电方案研究	323,814.44
Total 16043 · CIP-coal proj-mine construction		6,332,993.61
16044 · CIP-coal proj-prop pymt	煤田项目 - 矿业权成本	45,418,500.00
16045 · CIP-coal proj-deferred expenses	煤田项目 - 待摊费用	
160451 · CIP-coal proj-geology	煤田项目 - 地质学	624,367.20
160452 · CIP-coal proj-Project mgmt	煤田项目 - 项目管理	1,020,529.17
160453 · CIP-coal proj-drilling	煤田项目 - 钻探	7,508,321.07
160454 · CIP-coal proj-env't assessment	煤田项目 - 环境评估	1,043,688.07
160455 · CIP-coal proj-excavation	煤田项目 - 坑疏	384,995.24
160456 · CIP-coal proj-tunnel logging	煤田项目 - 随层评价	120,889.84
160457 · CIP-coal proj-feasibility asse	煤田项目 - 地质可行性评估	354,024.30
160458 · CIP-coal proj-methane desorb st	煤田项目 - 甲烷解吸研究	73,523.54
160459 · CIP-coal proj-engineering	煤田项目 - 工程费	136,634.88
160460 · CIP-coal proj-road repair&malnt	煤田项目 - 道路维修和保养	458,315.18
160481 · CIP-coal proj-survey	煤田项目 - 测量	531,479.59
160482 · CIP-coal proj-amortization	煤田项目 - 折旧	281,753.05
160483 · CIP-coal proj-mapping	煤田项目 - 测绘	99,496.94
160484 · CIP-coal proj-recording fee	煤田项目 - 矿权费	3,471,410.00
160485 · CIP-coal proj-freight	煤田项目 - 运费	166,923.79
160488 · CIP-coal proj-field supplies	煤田项目 - 野外用品	452,011.92
160467 · CIP-coal proj-equipment rental	煤田项目 - 租设备	500,235.24
160468 · CIP-coal proj-report prep.	煤田项目 - 报告准备	21,100.00
1604891 · CIP-coal proj-assay & sampling	煤田项目 - 化验和样品	157,336.08
1604892 · CIP-coal proj-explorat'n tax CR	煤田项目 - 探矿减免税款	-3,698,114.87
1604893 · CIP-coal proj-flow testing	煤田项目 - 抽水实验	300,682.61
1604894 · CIP-coal proj-reclamation	煤田项目 - 复垦费用	102,164.74
160470 · CIP-coal proj-finance charge	煤田项目 - 金融费用	
1604701 · CIP-coal proj-bank charges	煤田项目 - 银行费用	13,702.08
1604702 · CIP-coal proj-foreign ex	煤田项目 - 外汇(收益)亏损	-3,907,802.50
1604703 · CIP-coal proj-Interest income	煤田项目 - 利息收入	-9,213,109.12
1604704 · CIP-coal proj-Interest expense	煤田项目 - 利息费用	3,039.42
1604705 · CIP-coal proj-other income	煤田项目 - 其他收入	-7,873.50
1604706 · CIP-term deposit Interest Income	煤田项目 - 定期存款利息收入	-119,612.25
1604707 · Standby LC Insurance commission	煤田项目 - 复垦保证金信用证开证费	61,579.91
Total 160470 · CIP-coal proj-finance charge	煤田项目 - 金融费用合计	-13,169,875.96
160471 · CIP-coal proj-G&A		
1604711 · CIP-coal proj-consulting-techni	煤田项目 - 咨询	133,427.20
1604712 · CIP-coal proj-consulting-p.rel	煤田项目 - 公关策略咨询	50,188.16
1604713 · CIP-coal proj-travel	煤田项目 - 差旅费	391,391.97
1604714 · CIP-coal proj-accommodation	煤田项目 - 住宿费	559,823.93
1604715 · CIP-coal proj-airtickets	煤田项目 - 机票	920,506.01
1604716 · CIP-coal proj-auto exp	煤田项目 - 汽车	312,787.23
1604717 · CIP-coal proj-transportation	煤田项目 - 交通费	261,189.54
1604718 · CIP-coal proj-parking	煤田项目 - 停车费	59,799.69
1604719 · CIP-coal proj-entertainment	煤田项目 - 招待费	102,310.48
1604720 · CIP-coal proj-meals	煤田项目 - 餐费	665,152.10
1604721 · CIP-coal proj-promotion	煤田项目 - 推广费	841,828.34
1604722 · CIP-coal proj-office supply	煤田项目 - 办公用品	315,011.36
1604723 · CIP-coal proj-office furniture	煤田项目 - 办公家具	66,237.15
1604724 · CIP-coal proj-phone exp	煤田项目 - 电话费	194,659.63
1604725 · CIP-coal proj-rent & utilities	煤田项目 - 房租及水电费	2,082,749.50
1604726 · CIP-coal proj-employee supply	煤田项目 - 雇员工具	103,288.41
1604727 · CIP-coal proj-conference	煤田项目 - 会议	27,114.61
1604728 · CIP-coal proj-labour costs	煤田项目 - 劳务费	30,936.02
1604729 · CIP-coal proj-site maintenance	煤田项目 - 站点维修和保养	257,748.03
1604730 · CIP-coal proj-firstaid & safety	煤田项目 - 急救及安全费用	585,381.63
1604731 · CIP-coal proj-security service	煤田项目 - 保安	21,057.64
1604732 · CIP-coal proj-wages & benefits	煤田项目 - 实发工资	9,576,488.07
1604733 · CIP-coal proj-CPP employer	煤田项目 - 养老保险企业部分	224,246.80
1604734 · CIP-coal proj-EI employer	煤田项目 - 失业保险企业部分	114,396.27
1604735 · CIP-coal proj-WCB	煤田项目 - 工伤保险	96,643.06
1604738 · CIP-coal proj-uniform	煤田项目 - 制服费	2,110.73
1604737 · CIP-coal proj-insurance	煤田项目 - 保险	5,375.96
1604739 · CIP-coal proj-advertising	煤田项目 - 广告费	7,358.52
1604740 · CIP-coal proj-miscellaneous	煤田项目 - 杂项	15,395.20
1604741 · CIP-coal proj-work training	煤田项目 - 培训	35,127.74
1604742 · CIP-coal proj-hiring credit	煤田项目 - 雇佣优惠	-4,105.13
1604743 · CIP-coal proj-medical treatment	煤田项目 - 工伤治疗费	13,313.24
1604744 · CIP-coal proj-work permit	煤田项目 - 工作签证费用	40,634.81
1604745 · CIP-coal proj-EHT	煤田项目 - 雇主健康税	9,983.23
1604746 · CIP-coal proj-legal services	煤田项目 - 法律服务费	113,823.18
Total 160471 · CIP-coal proj-G&A	煤田项目 - 管理费用合计	18,242,350.51
Total 16045 · CIP-coal proj-deferred expenses		19,181,052.13
Total 16040 · CIP - Gething Coal Project		70,932,545.74
16049 · CIP - Substitute Project	替代项目	
160490 · CIP-Subs. proj-legal services	替代项目 - 法律费用	50,000.00
Total 16049 · CIP - Substitute Project		50,000.00
Total 1604 · Construction in progress (CIP)		70,982,545.74
Total Other Assets		70,982,545.74
TOTAL ASSETS	资产总计:	127,904,996.07
LIABILITIES & EQUITY		

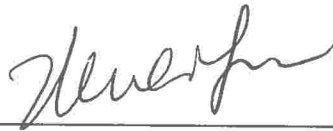
Canadian Kalluan Dehua Mines Co. Ltd.
Balance Sheet
As of 31 December 2021

	<u>31 Dec 21</u>
Liabilities	
Current Liabilities	
Other Current Liabilities	
2211 - Wages payable	
22112 - CPP payable-employer	229 36
22113 - EI payable-employer	99 54
Total 2211 - Wages payable	<u>328 90</u>
2221 - Taxes payable	
22211 - Indv. Income tax-employee	18,864 77
Total 2221 - Taxes payable	<u>18,864 77</u>
2241 - Other payables	
22414 - Wages payable-CPP employee	229 36
22415 - Wages payable-EI employee	71 10
Total 2241 - Other payables	<u>300 46</u>
Total Other Current Liabilities	<u>19,494 13</u>
Total Current Liabilities	<u>19,494 13</u>
Total Liabilities	<u>19,494 13</u>
Equity	
4001 - Common shares	128,016,381 31
4104 - Retained earnings	-389,431 14
Net Income	258,551 77
Total Equity	<u>127,885,501 94</u>
TOTAL LIABILITIES & EQUITY	<u><u>127,904,996 07</u></u>

Canadian Kailuan Dehua Mines Co. Ltd.
Profit & Loss
December 2021

		Dec 21	Jan - Dec 21
Income			
6051 · Other operating income			
605100 · Other operating income - CND	其他运营收入 - 加元	0.00	360,557.63
605101 · Other operating income - USD	其他运营收入 - 美元	609,246.00	13,198,099.37
605102 · Other operating income - USD EX	其他运营收入 - 美元汇率调整	169,126.68	3,401,294.46
605200 · Commission income	代理费收入	21,145.78	151,199.55
Total 6051 · Other operating income	其他运营收入	799,518.46	17,111,151.01
6301 · Other income			
63010 · Gain / Loss on Sale of Asset	处置固定资产损益	0.00	400.00
Total 6301 · Other income		0.00	400.00
Total Income		799,518.46	17,111,551.01
Cost of Goods Sold			
5000 · Cost of Goods Sold			
50000 · Cost of Goods Sold - CND	销售成本 - 加元	0.00	356,728.53
500001 · Cost of Goods Sold - USD	销售成本 - 美元	541,773.40	12,907,020.55
500002 · Cost of Goods Sold - USD EX	销售成本 - 美元汇率调整	150,396.30	3,325,810.94
Total 5000 · Cost of Goods Sold	销售成本合计	692,169.70	16,589,560.02
Total COGS		692,169.70	16,589,560.02
Gross Profit		107,348.76	521,990.99
Expense			
5020 · Foreign exchange (gain) loss	外币汇兑损益	240,885.94	240,885.94
6404 · Bank Charge			
640400 · Bank charge - CND	银行费用 - 加元	-303.00	1,157.00
640401 · Bank charge - USD	银行费用 - 美元	112.00	1,022.79
640402 · Bank charge - USD EX	银行费用 - 美元汇率调整	31.43	262.47
Total 6404 · Bank Charge	银行费用合计	-159.57	2,442.26
6602 · G&A expenses			
66022 · Accounting & audit	财务及审计费用	0.00	13,000.00
66023 · Legal	法律服务费用	0.00	0.00
66024 · Business licenses	营业执照费用	0.00	120.00
66029 · Others	清关费-业务相关	650.00	3,250.00
66030 · Office Expenses	办公费用-业务相关	0.00	3,741.02
Total 6602 · G&A expenses		650.00	20,111.02
Total Expense	费用总计	241,376.37	263,439.22
Net Income	净利润	-134,027.61	258,551.77

This is **Exhibit "N"** referred to in the
Affidavit of Naishun Liu sworn
before me at Vancouver, British Columbia
on this the 31 day of May, 2022.



A Commissioner for taking Affidavits for
British Columbia

WEIGUO HE
Barrister and Solicitor
DLA Piper (Canada) LLP
666 Burrard Street, Suite 2800
Vancouver, BC V6C 2Z7
604.643.6417



Form 35 (Rules 8-4 (1), 13-1 (3), 17-1 (2) and 25-9 (2))

No. S-200699
Vancouver Registry

In the Supreme Court of British Columbia



CHINA SHOUGANG INTERNATIONAL TRADE & ENGINEER CORPORATION

Plaintiff

CANADIAN DEHUA INTERNATIONAL MINES GROUP INC.

Defendant

ORDER MADE AFTER APPLICATION

[Rule 22-3 of the Supreme Court Civil Rules applies to all forms.]

BEFORE } THE HONOURABLE Master Dick } January 19, 2021

ON THE APPLICATION of the plaintiff, China Shougang International Trade & Engineer Corporation, by telephone for hearing at 800 Smithe Street at 9:45 am of January 19, 2021 and on hearing Daniel Henderson, counsel for the plaintiff; and no one appears for the defendant, although duly served, defendant did not respond;

THIS COURT ORDERS that:

- 1. The Arbitral Award made by the tribunal of China International Economic and Trade Arbitration Commission (the "China Arbitration Commission") on August 23, 2019 is recognized and entered in the Registry of the Supreme Court of British Columbia in favour of the plaintiff, China Shougang International Trade & Engineering Corporation, also known as China Shougang International Trade & Engineer Corporation, also known as China Shougang International Trade & Engineering Co. Ltd., and judgment against the defendant, Canadian Dehua International Mines Group Inc.:
 - a) in the sum of Canadian dollar \$13,062,000.00, in equivalent to the sum of US dollar \$10,000,000.00 calculated at the conversion rate of 1.3062 of January 17, 2020, representing the deposit awarded by the China Arbitration Commission;

- b) in the sum of Canadian dollar \$ 7,510,650.00, in equivalent to the sum of US dollar \$5,750,000.00 calculated at the conversion rate of 1.3062 of January 17, 2020, representing the interest calculated at the fixed annual rate of 8% based on the US dollar \$10,000,000.00 from October 1, 2013 to December 31, 2020, minus US dollar \$50,000.00 that has been paid by the defendant, awarded by the China Arbitration Commission;
 - c) in the sum of Canadian dollar \$85,680.00, in equivalent to the sum of Chinese Renminbi 450,000 yuan calculated at the conversion rate of 0.1904 of January 17, 2020, representing the attorney fees and losses of the plaintiff awarded by the China Arbitration Commission; and
 - d) in the sum of Canadian dollar \$168,459.83, in equivalent to the sum of Chinese Renminbi 884,768 yuan calculated at the conversion rate of 0.1904 of January 17, 2020, representing the cost of arbitration awarded by the China Arbitration Commission.
2. Judgment against the defendant for post-judgment interest from the date of this judgment on the amounts of the judgment awarded under paragraph 2 a) to d) until the judgment amounts are paid in full.

THE FOLLOWING PARTIES APPROVE THE FORM OF THIS ORDER AND CONSENT TO EACH OF THE ORDERS, IF ANY, THAT ARE INDICATED ABOVE AS BEING BY CONSENT:

D. Henderson

Signature of [] party
 lawyer for China Shougang International Trade & Engineer Corporation

Daniel Henderson

Certified a true copy according to the records of the Supreme Court at Vancouver, B.C.

DATED: FEB 11 2021

P. Grant

 Authorized Signing Officer

Pamela Grant

By the Court.

 Registrar *[Signature]*

This is **Exhibit "O"** referred to in the
Affidavit of Naishun Liu sworn
before me at Vancouver, British Columbia
on this the 31 day of May, 2022.



A Commissioner for taking Affidavits for
British Columbia

WEIGUO HE
Barrister and Solicitor
DLA Piper (Canada) LLP
666 Burrard Street, Suite 2800
Vancouver, BC V6C 2Z7
604.643.6417

Court File No. _____

Vancouver Registry

IN IN THE SUPREME COURT OF BRITISH COLUMBIA

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

AND

IN THE MATTER OF THE *BUSINESS CORPORATIONS ACT*,
R.S.A. 2000, c. B-9

AND

IN THE MATTER OF CANADIAN DEHUA INTERNATIONAL MINES GROUP INC.

PETITIONERS

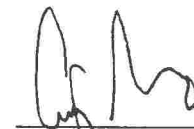
CONSENT

We, **FTI CONSULTING CANADA INC.**, hereby consent to act as Monitor in respect of Canadian Dehua International Mines Group Inc. in its proceedings pursuant to the Companies' Creditors Arrangement Act, R.S.C. 1985, c. C-36, as amended and the Business Corporations Act, R.S.A. 2000, c. B-9.

Dated at Vancouver, British Columbia this 30th day of May, 2022.

FTI CONSULTING CANADA INC.

Per:



Craig Munro
Managing Director

No.
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

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 AND
ARRANGEMENT OF CANADIAN DEHUA
INTERNATIONAL MINES GROUP INC.

PETITIONER

AFFIDAVIT

DLA Piper (Canada) LLP
Barristers & Solicitors
2800 Park Place
666 Burrard Street
Vancouver, BC V6C 2Z7

Tel. No. 604.687.9444
Fax No. 604.687.1612

File No.: 080762-00012

CDB/day