

NO. S-224444
VANCOUVER REGISTRY

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 A PLAN OR COMPROMISE AND ARRANGEMENT OF
CANADIAN DEHUA INTERNATIONAL MINES GROUP INC.**

SIXTH REPORT OF THE MONITOR

June 7, 2023

INTRODUCTION AND PURPOSE

1. This report (“**Sixth Report**”) has been prepared by FTI Consulting Canada Inc. in its capacity as the court-appointed Monitor (the “**Monitor**”) of Canadian Dehua International Mines Group Inc. (“**CDI**” or the “**Company**”) by an order of the Supreme Court of British Columbia (the “**Court**”) pronounced June 3, 2022 (the “**Initial Order**”) pursuant to the *Companies’ Creditors Arrangement Act*, R.S.C. 1985 c.36, as amended (the “**CCAA**”).
2. As detailed in the First Report:
 - (a) CDI was incorporated in British Columbia on December 29, 2004;
 - (b) The Company is owned 50% by Mr. Naishun Liu (“**Mr. Liu**”) and 50% by his spouse, Mrs. Qubo Liu (“**Mrs. Liu**”);
 - (c) Mr. Liu is the sole director and officer of the Company;
 - (d) The Company currently owns 100% of the shares of two mining projects and a drilling company, namely Wapiti Coking Coal Mines Corporation (“**Wapiti**”), Canadian Bullmoose Mines (“**CBM**”) and Canada Dehua Drilling Ltd. (“**CDD**”);
 - (e) CDI has a partial ownership interest in the following companies:
 - i. Canadian Kailuan Dehua Mines Co., Ltd. (“**CKD**”);
 - ii. Canadian Dehua Lvliang Corp. (“**CDLV**”) which holds a 40% interest in HD Mining International Ltd. (“**HD Mining**”);
 - iii. Vancouver Island Iron Ore Corporation (“**VIIO**”); and
 - iv. An interest in a mining project referred to as Iron Ross.

3. On April 6, 2022, China Shougang International Trade & Engineering Corporation (“**Shougang International**”) filed a petition for a bankruptcy order against CDI (the “**Bankruptcy Application**”).
4. In response to the Bankruptcy Application, on June 3, 2022, CDI sought and obtained a stay of proceedings pursuant to the provisions of the CCAA.
5. On June 9, 2022, CDI was granted an Amended and Restated Initial Order (the “**ARIO**”) which included an extension of its stay of proceedings to August 19, 2022, as well as approving a Debtor-in-possession loan facility (the “**DIP Loan**”) in an amount not to exceed \$350,000.
6. On June 28, 2022, the Company sought and obtained the approval of a claims process (the “**Claims Process Order**”) which set a claims bar date of August 15, 2022.
7. On August 18, 2022, the Company sought and obtained an order approving a Sales and Investment Solicitation Process (the “**SISP Order**”).
8. In addition, on August 18, 2022, the Company was granted a Second Amended and Restated Initial Order (the “**SARIO**”) which included an extension of its stay of proceedings to December 1, 2022, in addition to increasing the approved amount of the DIP Loan to \$820,000.
9. On November 30, 2022, the Company was granted a Third Amended and Restated Initial Order (the “**TARIO**”) which included an extension of its stay of proceedings to March 17, 2023, in addition to increasing the approved amount of the DIP Loan to \$1,090,000.
10. On November 30, 2022, the Company was also granted a Modified Sales and Investment Solicitation Process (the “**Modified SISP Order**”). The Modified SISP Order expanded the company’s sale process by including its shares of CBM (the “**Bullmoose Project**”) and its shares of HD Mining (the “**Murray River Project**”).

11. On March 9, 2023, the Company was granted a Fourth Amended and Restated Initial Order (the “**Fourth ARIO**”) which included an extension of its stay of proceedings to June 23, 2023.
12. The purpose of the Sixth Report of the Monitor is to provide this Honourable Court with an update on the following:
 - (a) The status of the Company’s sales and investment solicitation process;
 - (b) The Company’s actual cash receipts and disbursements as compared to the cash flow projection included as Appendix B to the Fifth Report;
 - (c) The status of the claims process; and
 - (d) The Monitor’s views on the relief being sought by the Company with respect to its CCAA proceedings.
13. The reports of the Monitor and other information in respect of these proceedings are posted on the Monitor’s website at <http://cfcanada.fticonsulting.com/canadiandehuainternational>

TERMS OF REFERENCE

14. In preparing this report, the Monitor has relied upon unaudited financial information, other information available to the Monitor and, where appropriate, the Company’s books and records and discussions with various parties (collectively, the “**Information**”).
15. The Monitor has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would comply with Generally Accepted Assurance Standards pursuant to the Chartered Professional Accountants of Canada Handbook.

16. The Monitor has not examined or reviewed financial forecasts and projections referred to in this report in a manner that would comply with the procedures described in the Chartered Professional Accountants of Canada Handbook.
17. Future oriented financial information reported or relied on in preparing this report is based on assumptions regarding future events; actual results may vary from forecast and such variations may be material.
18. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian Dollars.

THE STATUS OF THE AMENDED SISP

The Wapiti LOI

19. As indicated in the Fourth Report, the Company's efforts to date have resulted in an LOI for 60% of CDI's shares in Wapiti, which if consummated would address the Company's liquidity issues and provide enough cash for the Company to substantively pay all of its creditors' claims.
20. A copy of the LOI was provided to this Honourable Court in a Supplemental Fourth Report prepared by the Monitor which was sealed pursuant to an order of this Court dated November 30, 2022.
21. As indicated in the Fifth Report, the Purchaser was intending to make arrangements for a delegation, including its Chairman, to travel to Canada for the purpose of conducting confirmatory due diligence in March 2023.
22. The Purchaser incurred delays, but its delegation travelled to Canada for nine days between May 21 and 30, 2023.
23. The Purchaser delegation consisted of the following individuals:
 - (a) The Chairman of the Purchaser;
 - (b) The Assistant Chairman;
 - (c) An Assistant VP from the Purchaser's capital markets group; and
 - (d) Two senior engineers.
24. The Assistant Chairman and the two senior engineers attended the site visits while the Chairman and Assistant VP stayed in Vancouver to conduct meetings with representatives of CDI.

25. During their trip, the Purchaser's delegation made site visits to the Wapiti mine (the site subject to the LOI entered between the Purchaser and the Company), and also visited the Murray River mine and the Pacific Iron mine (the project owned by VIIO).
26. The Purchaser also met with representatives of HD Mining regarding the potential acquisition of the Murray River mine.
27. Mr. Yijun Hu, CDI's Assistant General Manager, accompanied the Purchaser on its visit to the Wapiti mine and the Pacific Iron mine.
28. Prior to returning to China, the Purchaser requested the following additional information for each of Wapiti and VIIO in order to complete its due diligence:
 - (a) All mining leases and permits issued by the Ministry;
 - (b) Any reports regarding the environmental assessment;
 - (c) Any reports on the estimated costs to completing the build out of the mines;
 - (d) The share structure; and
 - (e) The estimated environmental liability and details of any security or collateral posted as support for such.
29. In addition, Financial statements for the years ended December 31, 2020 to December 31, 2022 were requested for Wapiti.
30. The Purchaser also requested updated financial statements for CDI as well as information regarding CDI's capital and debt structure.
31. CDI's most recent externally prepared financial statements were as at December 31, 2021 and for Wapiti were as at December 31, 2019.

32. Accordingly, CDI has engaged its accountant to prepare the updated financial statements for CDI and Wapiti. Given the low level of activity since the end of 2019, the Company does not expect this exercise to take more than a few weeks to complete.
33. The Purchaser has returned to China and intends to make a second trip in the summer along with representatives of the steel company that is interested in acquiring CDI's interest in the Pacific Iron mine (the "**Pacific Iron Interested Party**").
34. In the Fifth Report the Monitor erroneously advised that the steel company was interested in acquiring the Iron Ross project.
35. The Purchaser did not meet with representatives of the Ministry of Energy, Mines and Low Carbon Innovation (the "**Ministry**") during its trip as it had originally intended.
36. The Purchaser's original request for a meeting with the Ministry was not for its benefit, as it has previous dealings in Canada and is comfortable with the regulatory framework.
37. However, the Pacific Iron Interested Party had expressed interest in meeting with the Ministry and maintains that interest.
38. CDI has contacted the Ministry and confirmed its willingness to arrange a meeting and presentation regarding the investment environment and mining industry in British Columbia during the Pacific Iron Interested Party's next visit to Canada.
39. Subsequent to the last hearing, CDI instructed its counsel to commence preparation of a Share Purchase Agreement based on the LOI such that a draft could be shared with the Purchaser when it is ready to proceed. The English version has been drafted and is currently being translated into Chinese.

40. The Company is optimistic that the Purchaser will be prepared to commence negotiations on the Share Purchase Agreement after its next trip to Canada expected to occur in July 2023.

The Modified SISP

41. As indicated in the Fifth Report, the Company in conjunction with the Monitor conducted the procedures pursuant to the Modified SISP Order.
42. A discussion was held as between the Monitor, the Company's counsel and the other interested party referred to in the Fifth Report regarding the process and possible deal structures. However, subsequent to the call there have been no further discussions with that party and no other interested parties have come forward.

The Letter from Shougang's Counsel

43. In December 2022, counsel to Shougang forwarded a letter to the Monitor and its counsel asking that the letter be included in the Monitor's next report.
44. The Monitor inadvertently left it out of its Fifth Report, although it did respond to Shougang's counsel via email.
45. As a result, the Monitor has now appended the letter to this report (see Appendix A).
46. The Monitor has considered the content of the letter and while it is sympathetic to Shougang's concerns around the amount of time that has passed while the Company has pursued the sale of its assets, the Monitor believes that the formalization of an asset sale based on the current LOI would provide the best opportunity to achieve liquidity for the benefit of CDI's creditors.

47. The Monitor is further of the view that were this a competitive bid situation, providing a firm bid deadline would be appropriate. However, given that the Purchaser is currently the only party exploring an acquisition, CDI is limited in its leverage over the Purchaser and imposing a deadline might cause the Purchaser to withdraw from the process.
48. The Monitor has expressed the need for urgency on its update calls with CDI, however the Monitor appreciates that the Company needs to accommodate the Purchaser's timeline.

PROJECTED CASH FLOW

49. The following summarizes the actual receipts and disbursements of the Company since the commencement of these proceedings to June 4, 2023:

Cash Flow Variance Analysis				
For fifty-three week period ending June 4, 2023				
(CAD thousands)	Actual	Forecast	Variance \$	Variance %
Total Receipts	0	0	-	0%
Disbursements				
Licence Fees	143	80	63	79%
Automobile Expenses	3	3	-	0%
Bank Charges	0	0	(0)	-21%
Travelling Expenses	2	2	-	0%
Wages and Benefits	60	89	(29)	-33%
Due Diligence Expenses	-	40	(40)	-100%
Professional fees	654	803	(150)	-19%
Total Disbursements	<u>862</u>	<u>1,018</u>	<u>(155)</u>	<u>-15%</u>
Net Change in Cash	(862)	(1,018)	155	-15%
DIP Financing / (Repayments)	869	1,090	(221)	-20%
Opening Cash	-	-	-	0%
Ending Cash	<u>\$ 7</u>	<u>\$ 72</u>	<u>\$ (65)</u>	<u>-90%</u>

50. The variances noted result from comparing the actual receipts and disbursements to the forecast indicated in the cash flow statement filed as Appendix B to the Fourth Report.
51. The Licence Fees relate to amounts paid to the Minister of Finance with respect to the Wapiti project (\$116,595) and the Bullmoose project (\$86,775). The fee related to the renewal of the Wapiti license was not anticipated in the previous forecast due to the uncertainty around its timing.
52. The expenses related to Due Diligence were paid on Mrs. Liu and one of CDI's employees, Mr. Yijun Hu's credit cards. Accordingly, the positive variance is due to timing although Mrs. Liu expects the fees to be lower by approximately \$20,000 as a result of the interested party paying for its travel costs.

53. The Professional Fees are less than forecast due to the delay in the expected timing of the interested party's travel to Canada to conduct its due diligence. Some of the positive variance is timing related and expected to occur in a future period.
54. As a result of the positive variances, the Company has only drawn \$869,231 of funding against an approved DIP Loan of \$1,090,000.
55. As at June 4, 2023, the Company held cash of approximately \$7,000.
56. The Company has paid the Monitor's and the Monitor's counsel's fees up to the end of April 2023. The Company's legal counsel has invoiced for services up to the end of March 2023 and been paid up to the end of February 2023.
57. Accordingly, the Administration Charge is expected to continue to be adequate.
58. Attached as Appendix B to this report is a cash flow statement prepared by the Company that extends to September 17, 2023.
59. The cash flow assumes the stay of proceedings being sought by the Company to September 15, 2023 is approved by this Honourable Court.
60. The cash flow statement indicates that the amount of the approved DIP Loan will need to be increased by \$300,000 to provide sufficient resources for the Company through to September 15, 2023 and accordingly the Company is seeking to increase the DIP Loan.

THE CLAIMS PROCESS

61. As summarized in the Fourth Report, the Monitor received 8 proofs of claim in the approximate amount of \$84.3 million as detailed in the following table:

Claim	Creditor	Claim Currency	Claim in Original Currency	Claim in CAD
Claim 01	HBIS Group International Holding Co., Ltd.	USD	\$ 2,199,074	\$ 2,766,215
Claim 02	Canada Zhonghe Investment Ltd.	CAD	\$ 5,377,913	\$ 5,377,913
Claim 03.1	China Shougang International Trade & Engineering Corporation	USD	\$ 16,889,179	\$ 22,001,667
Claim 03.2		RMB	\$ 1,334,768	
Claim 03.3		CAD	\$ 12,149	
Claim 04.1	Huiyong Holdings Group Co. Ltd.	RMB	\$ 35,000,000	\$ 6,611,500
Claim 04.2		USD	\$ 20,000,000	\$ 25,158,000
Claim 05	HD Mining International Ltd.	CAD	\$ 4,331,421	\$ 4,331,421
Claim 06	Canadian Dehua Lvliang International Mines Corp.	CAD	\$ 15,224,131	\$ 15,224,131
Claim 07	Canadian Bullmoose Mines Co. Ltd.	CAD	\$ 1,904,722	\$ 2,395,950
Claim 08	Canada Revenue Agency	CAD	\$ 459,923	\$ 459,923
TOTAL				\$ 84,326,721

62. The Monitor has reviewed the claims with the Company and understands that it accepts the claims of HBIS Group and Canada Revenue Agency in the approximate amount of \$3.2 million.
63. The Monitor understands from discussions with the Company's counsel that the claim of China Shougang and Canada Zhonghe are close to being resolved with minor revisions to the amounts claimed.
64. The Monitor has recently been provided with additional information relating to the claims submitted by Canada Dehua Lvliang International Mines Corp. and Canadian Bullmoose Mines Inc. will commence a review of that information.
65. The claims of Huiyong Holdings Group Co. Ltd. ("**Huiyong**") and HD Mining International Limited are disputed by the Company, however the Company is deferring the costs that would be associated with those disputes until such time as it has a confirmed sale transaction.

THE MONITOR'S VIEWS ON THE RELIEF BEING SOUGHT

66. The Monitor understands that the Company is seeking to:
- (a) Continue the Modified SISP process with respect to CDI's interest in Wapiti, Bullmoose and Murray River, as previously approved by this Court;
 - (b) Increase the DIP Loan by \$300,000 to an approved limit of \$1,390,000; and
 - (c) Extend the stay of proceedings to September 15, 2023.
67. As noted previously, the Company has a party interested in acquiring some of the Company's interest in Wapiti, which if concluded would provide liquidity to address the claims of its creditors.
68. The Purchaser has made a trip to Canada to conduct due diligence and intends to return for a second visit along with the Pacific Iron Interested Party sometime in July 2023.
69. As indicated in previous reports the Company has minimal physical assets and accordingly any recovery for creditors is dependent on the success of securing a transaction for the Company's mining assets.
70. Although the Monitor is sympathetic to the concerns of Shougang related to the time elapsed during the Company's Modified SISP, the Monitor is of the view that a short extension is appropriate to allow the time for the Purchaser to complete its due diligence and enter into negotiations on a share purchase agreement.
71. In addition, the Purchaser has expressed its interest in acquiring the Murray River mine and to that end have conducted some discussions with representatives of HD Mining.

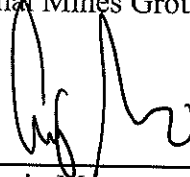
72. The Monitor was advised by Mrs. Liu that Huiyong is also interested in selling its holdings of HD Mining and accordingly CDI's interests would appear to be aligned with Huiyong.
73. The Monitor notes Mrs. Liu's belief that a transaction with the Purchaser is possible as evidenced by her agreement to provide the increased DIP Loan should the Court approve it and from the fact that the Company paid \$143,000 to renew the mining licenses in order to protect the assets.
74. As indicated previously, the Monitor understands that should the Court approve an extension of the Company's current stay of proceedings, Mrs. Liu is agreeable to providing the increased funding on the same favourable terms and conditions as the DIP Loan for the continuation of these proceedings.
75. Accordingly, the Monitor recommends that should this Honourable Court grant the Company an extension of its current stay of proceedings, the DIP Loan and DIP Charge should be increased to provide the funding required to maintain the Company's operations and secure the continued support of its professionals to assist CDI through its CCAA proceedings.
76. The Monitor is of the view that an extension of the stay of proceedings to September 15, 2023 is warranted for the following reasons:
- (a) To provide the Purchaser with the time required to conduct its confirmatory due diligence on the Wapiti project and negotiate a binding share purchase agreement;
 - (b) To review the claims filed in accordance with the Claims Process Order; and
 - (c) To provide time for the Company to hold discussions with its creditors regarding a possible plan of arrangement, with the assistance of the Monitor.



77. The Monitor has considered the tests that the Court must be satisfied with in order to grant an extension of the stay of proceedings to the Company, namely that:
- (a) The Company must be acting in good faith and with due diligence; and
 - (b) The Company satisfy the Court that circumstances exist that make the order appropriate.
78. As indicated in this report, the Monitor is of the view that a sale of CDI's mining assets provides creditors with the best chance of a recovery and as a result, the Company should be given time to continue its discussions with the Purchaser.
79. If the Company is successful in entering into a binding sale agreement for Wapiti, it should provide the resources necessary for the Company to make a viable proposal to its creditors.
80. The Monitor is also of the view that the Company is acting in good faith and with due diligence.
81. Accordingly, the Monitor supports the Company's request for an extension of the stay of proceedings to September 15, 2023.

All of which is respectfully submitted this 7th day of June, 2023.

FTI Consulting Canada Inc.,
in its capacity as Monitor of Canadian Dehua
International Mines Group Inc.



Name: Craig Munro
Title: Managing Director,
FTI Consulting Canada Inc.

APPENDIX A

December 7, 2022

File No.: 589884-1

SENT VIA E-MAIL

David Gruber
Bennett Jones LLP
666 Burrard Street, Suite 2500
Vancouver, BC V6C 2X8

Colin Brousson
DLA Piper (Canada) LLP
2800 Park Place
666 Burrard Street
Vancouver, BC V6C 2Z7

Dear Sirs/Mesdames:

**Re: In the Matter of the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended, and In the Matter of a Plan of Compromise and Arrangement of Canadian Dehua International Mines Group Inc.
Vancouver Registry, No. S-224444 (the "CCAA Proceeding")**

As you are aware, we are counsel for China Shougang International Trade & Engineering Corporation ("**Shougang**"), a creditor of Canadian Dehua International Mines Group Inc. ("**CDI**").

We write with respect to the orders granted on November 30, 2022, by Justice Walker in the CCAA Proceeding, in particular the Third Amended and Restated Initial Order (the "**Third ARIO**") and the Approval of Modified Sales and Investment Solicitations Process Order (the "**Modified SISP**"). As the Third ARIO and the Modified SISP were both granted without prejudice to any position that may be taken at a hearing to be held on December 14, 2022 (now December 15, 2022) and any interested parties are at liberty to seek orders to vary or amend either of the Third ARIO or the Modified SISP, Shougang has considered its position in this regard.

Shougang has serious concerns regarding the Modified SISP. When the CCAA Proceeding first commenced in June 2022, CDI asserted it had various buyers interested in the projects it owns (in whole or in part), at various stages of completing their due diligence, and at a purchase price that would be sufficient to pay all creditors in full.

In respect of the Wapiti Project (as defined in the Modified SISP) in particular, CDI asserted there were multiple parties interested in making an investment in that project, one of which had substantially completed its detailed technical review and would be reporting business terms to its internal investment review committee. In the First Report of the Monitor, dated June 8, 2022, the Monitor, observed negotiations in respect of the Wapiti Project "appear to be at an advanced stage wherein the potential purchaser has performed its due diligence and has referred the opportunity to its investment committee."

Fernanda Lopes & Associados ▶ Guevara & Gutierrez ▶ Paz Horowitz Abogados ▶ Sirote ▶ Adepetun Caxton-Martins Agbor & Segun ▶ Davis Brown ▶ East African Law Chambers ▶ Eric Silwamba, Jalasi and Linyama ▶ Durham Jones & Pinegar ▶ LEAD Advogados ▶ Rattagan Macchiavello Arocena ▶ Jiménez de Aréchaga, Viana & Brause ▶ Lee International ▶ Kensington Swan ▶ Bingham Greenebaum ▶ Cohen & Grigsby ▶ Sayarh & Menjra ▶ For more information on the firms that have come together to form Dentons, go to [dentons.com/legacyfirms](https://www.dentons.com/legacyfirms)

Despite the information provided to the Court in June, CDI has now obtained a further extension of the CCAA Proceeding to mid-March 2023, at which point it anticipates it will have borrowed over \$1,000,000 in interim financing. However, under the Modified SISP, it has only sought non-binding offers by March 10, 2023. There is no fixed date for binding offers under the Modified SISP, and as occurred last week, CDI may very well once again apply to further extend the outside date for binding offers on effectively no notice to creditors.

In other words, as things stand, the sales process has not materially progressed since the CCAA Proceeding commenced. Parties who had apparently already completed their due diligence may be performing further due diligence (or not), and CDI continues to seek only non-binding offers. As a result, the next time we are before the Court, the creditors will still have no real indication of what the market value of CDI's assets might be, will likely have no firm offers to consider, and their position will have eroded by over \$1,000,000.

As you are aware, CDI has been promising to repay Shougang following a transaction with respect to CDI's assets for almost eight years. Given the repeated failures by CDI to effect any transaction in the past, Shougang remains skeptical that CDI will be able to negotiate a sale of the Wapiti Project (or any other assets) in the CCAA Proceeding. The repeated delays by both CDI and the bidders involved in this process to put forward any form of binding transaction only strengthens this view.

Notwithstanding the above concerns, Shougang in mindful of avoiding additional costs in the CCAA Proceeding for all interested parties, in particular creditors. CDI's only major cost in the CCAA Proceeding is professional fees, and so additional court appearances only further erode the position of creditors. As a result, Shougang does not intend to bring an application to vary or amend the Modified SISP on December 15, 2022.

We appreciate the Monitor was not asked to comment on imposing a binding bid date in the SISP with respect to the Wapiti Project (or any other assets) at the time of the Fourth Report of the Monitor, dated November 28, 2022, or the hearing on November 30, 2022. We request the Monitor provide its views on the above issues in its next report to the Court. We also request that a copy of this letter be included as an exhibit to the Monitor's next report to the Court.

In Shougang's view, there is no reason why the Modified SISP cannot include a binding bid date with respect to the Wapiti Project. Shougang has continued to express that CDI should move as expeditiously as possible to realize on its assets for the benefit of its creditors. If CDI does not seek to impose a binding bid deadline for the Wapiti Project, and its other assets if further LOIs are received, at its next opportunity, Shougang intends to seek that relief.

Yours truly,

Dentons Canada LLP

DocuSigned by:

Eamonn Watson

BF1BE9840623467
Eamonn F Watson
Associate

EFW/ra

APPENDIX B

Canadian Dehua International Mines Group Inc.
Cash Flow Statement
For the 68-week period ending September 17, 2023

(CAD thousands)	Week Ending	Notes	Week 1 to	Week 54	Week 55	Week 56	Week 57	Week 58	Week 59	Week 60	Week 61	Week 62	Week 63	Week 64	Week 65	Week 66	Week 67	Week 68	Total
			Week 53	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	
			Actual	11-Jun	18-Jun	25-Jun	2-Jul	9-Jul	16-Jul	23-Jul	30-Jul	6-Aug	13-Aug	20-Aug	27-Aug	3-Sep	10-Sep	17-Sep	
Total Receipts			0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0
Disbursements																			
Licence Fees	[2]		(143)	-	-	(60)	-	-	-	-	-	-	-	-	-	-	-	-	(203)
Automobile Expenses	[3]		(3)	-	-	-	(3)	-	-	-	-	-	-	-	-	-	-	-	(6)
Bank Charges	[4]		(0)	-	-	-	(0)	-	-	-	-	(0)	-	-	-	-	(0)	-	(1)
Travelling Expenses	[5]		(60)	-	-	-	-	(44)	-	-	(9)	-	(2)	-	-	-	-	-	(4)
Wages and Benefits	[6]		-	-	-	(20)	-	-	-	-	(60)	-	(20)	(20)	-	-	-	-	(121)
Due Diligence Expenses	[7]		(654)	-	-	(100)	-	(90)	-	-	(60)	-	-	-	-	-	-	-	(60)
Professional Fees			-	-	-	-	-	-	-	-	-	-	-	-	(60)	-	-	-	(964)
Total Disbursements			(862)	-	-	(180)	(0)	(137)	-	-	(69)	(0)	(22)	(20)	(69)	-	(0)	-	(1,359)
Net Change in Cash			(862)	-	-	(180)	(0)	(137)	-	-	(69)	(0)	(22)	(20)	(69)	-	(0)	-	(1,358)
DIP Financing / (Repayments)	[8]		869	-	221	-	-	120	-	-	60	-	60	-	60	-	-	-	1,390
Opening Cash	[9]		-	7	7	228	48	48	31	31	31	23	22	60	40	32	32	32	-
Ending Cash			\$ 7	\$ 7	\$ 228	\$ 48	\$ 48	\$ 31	\$ 31	\$ 31	\$ 23	\$ 22	\$ 60	\$ 40	\$ 32	\$ 32	\$ 32	\$ 32	\$ 32

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.
- [1] Canadian Dehua International Mines Group Inc. ("CDI" or the "Company") is not expected to have any operating revenue during the CCAA Proceedings.
- [2] Licence Fees relate to the renewal of nine mining licenses related to the Bullmoose Project which were paid for by Mrs. Liu. During the forecast period, CDI expects to repay Mrs. Liu for these advances.
- [3] Automobile Expenses relate to car insurance for CDI's automobiles.
- [4] Travelling Expenses relate to August 2023 annual site visit to Wapiti Project to collect environmental assessment data.
- [5] Wages and Benefits relate to the two CDI employees' monthly salaries, benefits and taxes. The employees include the assistant general manager responsible for operations and an employee responsible for external communication.
- [6] Due Diligence Expenses relate to site visit expenses for interested parties conducting due diligence.
- [7] Professional fees include the Company's legal counsel, as well as the Monitor and Monitor's legal counsel.
- [8] Total DIP amount is \$1,090,000 with \$869,231 withdrawn to date. The Company's counsel will seek to increase the DIP Loan by an additional \$300,000 to fund the Company's costs during the CCAA proceedings to mid-September 2023.
- [9] 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.