



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.**

**NINTH REPORT OF THE MONITOR**

**January 16, 2024**

## INTRODUCTION AND PURPOSE

1. This report (“**Ninth 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. The ARIO also granted a charge for the DIP Loan (the “**DIP Lender’s Charge**”) against the assets of the Company subordinate only to the Administration Charge.
7. 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.
8. On August 18, 2022, the Company sought and obtained an order approving a Sales and Investment Solicitation Process (the “**SISP Order**”).
9. 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 and DIP Lender’s Charge to \$820,000.
10. 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 and DIP Lender’s Charge to \$1,090,000.

11. 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 the Bullmoose Project and its shares of the Murray River Project.
12. 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.
13. On June 15, 2023, the Company was granted a Fifth Amended and Restated Initial Order (the “**Fifth ARIO**”) which included an extension of its stay of proceedings to September 15, 2023, in addition to increasing the amount of the approved DIP Loan and DIP Lender’s Charge to \$1,390,000.
14. On September 11, 2023, the Company was granted a Sixth Amended and Restated Initial Order (the “**Sixth ARIO**”) which included an extension of its stay of proceedings to November 17, 2023.
15. On November 14, 2023, the Company sought and was granted an extension of its stay of proceedings to December 8, 2023.
16. On December 5, 2023, the Company sought and was granted an extension of its stay of proceedings to January 19, 2024.
17. The purpose of the Ninth 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 a forecast prepared by the Company in December 2023;
  - (c) The Company’s cash flow forecast for the period of the extension of the stay of proceedings being sought by the Company; and

- (d) The Monitor's views on the relief being sought by the Company with respect to its CCAA proceedings.
18. 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

19. 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**").
20. 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.
21. 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.
22. 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.
23. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian Dollars.

## THE STATUS OF THE AMENDED SISP

24. As indicated in the Eighth Report of the Monitor, the Company signed a Letter of Intent dated October 30, 2023, (the “**Murray River LOI**”) with the same party (the “**Purchaser**”) that has signed a Letter of Intent dated November 30, 2023 with the Company to acquire 60% of CDI’s shares in Wapiti (the “**Wapiti LOI**”).
25. A redacted version of the translated Murray River LOI is attached as Appendix A to this report. The only redaction is for the Purchaser’s identity.
26. The Monitor has not filed a supplementary report with the unredacted Murray River LOI given that the Purchaser’s identity was disclosed to the Court in the sealed Supplement to the Monitor’s Fourth Report dated November 29, 2022.
27. However, the Monitor would be pleased to file a supplement to this report with the unredacted Murray River LOI if requested by this Honourable Court.
28. As noted in previous reports of the Monitor, the primary shareholders of HD Mining are CDLV (40%) and Huiyong Holdings Ltd. (“**Huiyong**”) (55%).
29. CDI estimates that based on its 51% ownership of CDLV, that the sale of CDLV’s shares in HD Mining would realize approximately \$35 million after-tax in the event the proposed transaction closed.
30. In its Eighth Report, the Monitor indicated that a short extension was appropriate to allow the Company to meet with the Purchaser and secure a good faith deposit.
31. As a result, an extension of the stay of proceedings was granted by this Honourable Court to December 8, 2023.

32. On November 25, 2023, the Company entered into a Collaboration Deposit Agreement with the Purchaser (the “**Deposit Agreement**”). The Deposit Agreement provides that a deposit of 6 million yuan (or US\$1 million) would be remitted to Beijing Shuailing Trading Co. Ltd. (a company owned by a related party to Mr. Liu) within 5 business days of signing the agreement.
33. A redacted copy of the translated Deposit Agreement is attached as Appendix B. The Monitor would be pleased to provide a supplement to this report with an unredacted copy of the Deposit Agreement if requested by this Court.
34. On December 5, 2023, the Purchaser had not made the deposit and accordingly the Company sought an extension of the stay of proceedings to allow it time to consult with its counsel and other stakeholders regarding appropriate next steps for the Company’s restructuring proceedings.
35. As a result, with the consent of its major creditors, the Company was granted an extension of its stay of proceedings until January 19, 2024.
36. The Monitor is advised by the Company that as of the timing of this report, the deposit funds have not yet been received. The Monitor is further advised that the Purchaser has been in discussions with Huiyong regarding the acquisition of its shares of HD Mining and is delaying the release of the good faith deposit to CDI until it has a similar arrangement with Huiyong.
37. Subsequent to the last Court hearing held on December 5, 2023, the Company and its legal counsel in consultation with the Monitor and some of the Company’s larger creditors, have agreed to expand the Monitor’s powers to include:
  - (a) Authorizing and directing the Monitor to communicate directly, either in or without the presence of the Company, with a potential purchaser of any of the Company’s assets;
  - (b) Directing the Company to include the Monitor in its communications with potential purchasers to the full extent it is able to do so; and

- (c) Authorizing the Monitor to directly negotiate a form of final and binding agreement with a potential purchaser for a sale of the Company's interest in any of its assets which binding agreement shall be subject to court approval.
38. The Monitor shall also be directed to prepare, file, and serve on the Service List, a report updating the stakeholders on the progress towards a transaction between the Company and the Purchaser on or before February 19, 2024.
39. The Monitor is of the view that these additional powers will allow it to better assess the likelihood of a transaction being consummated and have first hand information to advise this Honourable Court of the Company's progress.
40. Accordingly, the Monitor supports this relief being sought by the Company.



## PROJECTED CASH FLOW

41. The following summarizes the actual receipts and disbursements of the Company since the commencement of these proceedings to January 14, 2024:

Cash Flow Variance Analysis			
For the eighty-five week period ending January 14, 2024			
(CAD thousands)	Actual	Forecast	Variance \$
<b>Receipts</b>			
<b>Total Receipts</b>	1	0	0
<b>Disbursements</b>			
Licence Fees	203	203	-
Automobile Expenses	7	7	-
Bank Charges	0	1	(0)
Supplies	0	0	-
Telephone and Communication	-	-	-
Travelling Expenses	2	4	(2)
Taxes	-	-	-
Interest Expenses	-	-	-
Wages and Benefits	60	86	(26)
Due Diligence Expenses	12	62	(50)
Professional fees	900	1,065	(165)
<b>Total Disbursements</b>	<b>1,184</b>	<b>1,427</b>	<b>(243)</b>
<b>Net Change in Cash</b>	<b>(1,184)</b>	<b>(1,427)</b>	<b>243</b>
<b>DIP Financing / (Repayments)</b>	<b>1,184</b>	<b>1,640</b>	<b>(456)</b>
<b>Opening Cash</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Ending Cash</b>	<b>\$ 1</b>	<b>\$ 213</b>	<b>\$ (212)</b>

42. The variances noted are the result of comparing the actual receipts and disbursements against the Company's forecast that was prepared in December 2023 (the "**December Forecast**").
43. The Monitor notes that the positive variances to the December Forecast are primarily timing differences that are expected to reverse during the Stay Extension Period.
44. As a result of the positive variances, the Company has only drawn \$1,184,291 of funding against an approved DIP Loan of \$1,390,000.

45. As at January 14, 2024, the Company held cash of approximately \$1,000.
46. The Monitor notes that professional fees in the aggregate amount of approximately \$39,000 are currently outstanding. Mrs. Liu advises the Monitor that the Company will bring these accounts current during the Stay Extension Period.
47. Accordingly, the Administration Charge is expected to continue to be adequate.
48. Attached as Appendix C to this report is a cash flow statement prepared by the Company that extends to March 17, 2024.
49. The cash flow assumes the stay of proceedings being sought by the Company to March 18, 2024 (the “**Stay Extension Period**”), is approved by this Honourable Court.
50. The cash flow statement indicates that additional funding in the amount of \$290,000 will be required during the Stay Extension Period.
51. The Monitor understands that Mrs. Liu has agreed to provide the additional funding in the event the stay of proceedings is extended to March 18, 2024.
52. As indicated in previous reports, the DIP Loan has very favourable terms and the Company requires the funding to ensure it continues to receive the support from its professional advisors to assist with its restructuring proceedings.
53. Accordingly, the Monitor supports the Company’s request to increase the amount of the approved DIP Loan and the DIP Lender’s Charge from \$1,390,000 to \$1,680,000.

## **THE CLAIMS PROCESS**

54. The Monitor has been advised by the Company’s counsel that no further claims have been resolved.

55. Neither the Monitor nor the Company's counsel have expended a lot of time on advancing the resolution of claims and does not intend to until an agreement of purchase and sale has been entered into for either of the Wapiti shares or HD Mining shares held by CDI.

#### **THE MONITOR'S VIEWS ON THE RELIEF BEING SOUGHT**

56. The Monitor understands that the Company is seeking to extend the stay of proceedings to March 18, 2024.

57. Absent an extension, the stay of proceedings would expire on January 19, 2024.

58. 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.

59. The Monitor is of the view that the Company is acting in good faith and with due diligence.

60. As noted in previous reports of the Monitor, the Monitor is of the view that the only path to a recovery by the Company's unsecured creditors is through the sale of one or more of CDI's assets.

61. The Company's shareholder is providing the funding necessary for the restructuring proceedings on very favourable terms which in the Monitor's view stands as a testament to the shareholder's belief that a transaction will be consummated to underwrite a plan of arrangement to the Company's creditors.

62. With the expanded powers provided to the Monitor, the Monitor believes that it will be in a better position to provide this Honourable Court with an assessment of the status of any proposed transactions on a go-forward basis and accordingly supports the Company's request for an extension of the stay of proceedings to March 18, 2024.

All of which is respectfully submitted this 16<sup>th</sup> day of January, 2024.

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



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

# APPENDIX A

# Declaration

I, Shao Xi Chu, Certified English to Chinese Translator, a member in good standing of the Society of Translators and Interpreters of British Columbia (S.T.I.B.C.), hereby attest that, to the best of my knowledge and belief, I accurately and faithfully translated from the Chinese language into the English language the Contract hereto attached.

Signed in Langley, BC on November 3, 2023.



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Shao Xi Chu

Pages in English: 3

Pages in Chinese: 6



**STIBC** Society of Translators  
and Interpreters of British Columbia



Shao Xi (Mike) Chu  
**Certified Translator**  
English to Chinese

Valid to: December 31, 2023  
Member No: 04-10-2555



**Contract for Transaction of Shares of Canadian Dehua Lvliang International Mines Corporation  
in HD Mines International Ltd.**

**Party A:** [REDACTED]

**Party B: Canadian Dehua Lvliang International Mines Corp.**

[REDACTED] is hereinafter referred to as party A. Canadian Dehua Lvliang International Mines Corp. is hereinafter referred to as Party B.

**Party A and Party B share a common understanding based on the following concepts:**

1. Party A shall include the subsidiaries of Party A and other companies designated by Party A, and any company that is newly incorporated by Party A or Party A together with other companies based on the practical needs of this agreement. Pursuant to the collaboration of Party A with its business partners, if Party B is required to enter into a collaboration agreement or supplementary agreement with Party A's business partner or the newly incorporated joint venture, both Party A and Party B are willing to accommodate.
2. Party B refers to Party B itself and does not involve other companies of Party B's shareholders or anybody's any company.
3. The Murray River Project refers to the Murray River Hard Coking Coalfield Project under the name of HD Mines International Ltd., including all of its coal assets, permitting documents and licences, certificates and all of its fixed assets and other related assets.
4. The Murray River Project was 100% owned by Party B. At the time when this agreement is entered into, the Murray River Project is 100% owned by HD Mines International Ltd.
5. The Canadian Murray River Coalfield Collaboration Agreement ("the Beijing Agreement") was entered into by and among Huiyong Holding Group (Beijing) Co., Ltd. ("Beijing Huiyong"), Canadian Dehua Lvliang International Mines Corp., Canadian Dehua Lvliang International Mines Group Inc., and Staray Capital Limited in Beijing, China on July 17, 2010. The agreement number is HY-DH-SC-20100717.
6. HD Mines International Ltd. refers to the HD Mines International Ltd. incorporated in BC, Canada, hereinafter referred to as "HD". Its shareholding structure is that Huiyong Holdings (BC) Ltd. ("Huiyong BC") holds 55%, Party B holds 40%, and Staray Capital Limited ("Hong Kong Staray") holds 5%. According to the HD Shareholders' Agreement, Huiyong BC's share is Share A, Party B's share is Share B, and Hong Kong Staray's share is Share C. The interests and definition of the three parties are detailed in the HD Shareholders' Agreement and the Beijing Agreement.
7. The HD Shareholders' Agreement means the shareholders' agreement regarding the Murray River Coal Project in Canada entered into by and among Huiyong BC (Huiyong Holdings (BC) Ltd.); Party B (Canadian Dehua Lvliang International Mines Corp.), Hong Kong Staray (Staray Capital Limited), and HD (HD Mining International Ltd.) on June 9, 2011.
8. This agreement by and between Party A and Party B is written in the Chinese language. If it needs to be translated into the English language in the future, it shall be translated by a company qualified for legal translation, and in case of any discrepancy between the Chinese version and the English version, the former shall prevail.
9. The agreement shall be governed by the local laws of Canada where the project is located.
10. Party A and Party B follow the principle of honesty, trustworthiness and law-abiding. Honesty means that all information provided by Party A and Party B will not be false or intentionally concealed in any way. Trustworthiness means that both A and B will maintain the confidentiality of business reputation and credit. Law-abiding means that both Party A and Party B will conduct transactions and delivery in accordance with the law, pay taxes in accordance with the law, and have no impact on the counterparty or the smooth implementation of asset delivery or payment, etc.

Translator's signature:



STIBC No.: 04-10-2555

11. The transaction herein refers specifically to Party A acquiring half of the 40% interest (i.e., 20%) held by Party B in HD.

**Party A based on**

1. Has visited HD and the site of Murray River Coal Project, learned the share structure of HD, become acquainted with the investment environment, tax policies and mining policies, etc., in Canada, and has the strong interest in and the intent to acquire, invest in, and develop the Murray River Hard Coking Coalfield Project.
2. Has the financial means and the resource needs and is prepared to make strategic investments overseas.

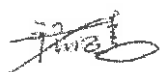
**Party B based on**

1. Huiyong BC has had a controlling interest in the development of the Murray River Hard Coking Coalfield for more than a decade, has received all approvals for the construction of producing 6 million tons of raw coal annually, and has been idle for approximately four years since the completion of the main inclined shaft.
2. Beijing Huiyong and Huiyong BC have expressed their intention to cease performance of the relevant agreements to complete the mine construction and have repeatedly expressed their intention to withdraw from the Murray River Hard Coking Coalfield Project as long as the investment is recovered and are adamant about it.
3. Party A has engaged in a series of communications and business negotiations with Beijing Huiyong and Huiyong BC regarding the acquisition of its 55% interest in HD and all related assets, documents and interests and the continuation of the assumption of its responsibilities and obligations as set forth in the Beijing Agreement and the HD Shareholders' Agreement.

**After candid communication and friendly negotiation, both Party A and Party B unanimously agree to enter into and abide by the following agreement:**

1. Party A acquires 50% of Party B's 40% interest in HD for USD\$100 million, i.e., after Party A pays Party B USD\$100 million, Party B's 40% interest in HD will become 20% and the other 20% is transferred to Party A.
2. Although Party B's interest in HD will be reduced from 40% to 20%, Party B's veto power will not be reduced, i.e., after Party A acquires Party B's share, Party B remains to have the veto power over major business decisions of HD.
3. Party A is fully responsible for the mine operating costs and the funds required to construct the mine shaft to produce 6 million tons of raw coal in the first phase and the coal beneficiation plant in the Murray River Hard Coking Coalfield. Party B will not assume any debt or interest. No change in shareholders or in the terms of the agreement can change the fundamental attribute that Party B obtained the shares with resources and assets.
4. Party A shall not exclude Party B's right to independently sell the coal products corresponding to its 20% shares, and Party B shall have the right to independently waive the right to independently sell the products corresponding to its shares.
5. When purchasing HD's products, Party A or its affiliates shall price them in accordance with the international mining product price and shall be entitled to a discount of up to 5% and a right of first refusal.
6. After the agreement takes effect, Party A shall, pursuant to the payment date in the agreement it enters into with Huiyong BC, concurrently pay to Party B USD\$100 million, the share purchase payment. The time limit can be within two months after the contract takes effect.
7. Party B shall complete the change of the shareholder's equity of the company within fifteen business days after receiving Party A's share price, USD\$100 million.
8. After HD is acquired and all related equity changes are completed, Party A will appoint five directors and Party B will appoint two directors. Party A's directors will serve as the chairman and the accountant and other positions, and Party B will appoint a person to serve as the cashier. The mine manager and the general manager of the company will be appointed by the board of directors.

Translator's signature:



STIBC No.: 04-10-2555



9. Party B is entitled to defer tax under Section 85 of Canadian tax law (if applicable).
10. Unaddressed matters shall be resolved through negotiation between Party A and Party B. If negotiation fails, it shall be adjudicated by a BC provincial court a federal court of Canada.
11. Liability for breach of contract and losses shall be borne entirely by the breaching party.
12. Unenforceability of the agreement and losses due to a cause beyond the control of any company or individual, such as wars, major international events, natural disasters, this cannot be considered the responsibility of Party A or Party B, and Party A and Party B shall not be held liable for any loss to the company.
13. This agreement is executed in six counterparts, four for Party A and two for Party B. The original and the photocopies shall have the same legal effect.
14. This agreement shall be effective immediately upon execution.

(Below are signatures only)

Party A: [REDACTED]  
Representative: [REDACTED] [signature]

Party B: Canadian Dehua Lvliang International Mines Corp.  
Representative: Naishun Liu [signature]

Date of signing: October 30, 2023  
Place of signing: Shanxi, China

Translator's signature:



STIBC No.: 04-10-2555

# Declaration

I, Shao Xi Chu, Certified English to Chinese Translator, a member in good standing of the Society of Translators and Interpreters of British Columbia (S.T.I.B.C.), hereby attest that, to the best of my knowledge and belief, I accurately and faithfully translated from the Chinese language into the English language the Minutes hereto attached.

Signed in Langley, BC on November 3, 2023.



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Shao Xi Chu

Pages in English: 1

Pages in Chinese: 1



**STIBC** Society of Translators  
and Interpreters of British Columbia



Shao Xi (Mike) Chu  
**Certified Translator**  
English to Chinese

Valid to: December 31, 2023  
Member No: 04-10-2555



**Minutes of Meeting in Taiyuan between [REDACTED] and Dehua International**

Date: October 30, 2023

Place: Taiyuan

Attendees: [REDACTED]

Naishun Liu, Chairperson of Canadian Dehua International Mines Group

Content:

1. [REDACTED] will first acquire the Murray River Coalfield Project of HD, which is in the position to commence mine construction. Canadian Dehua Lvliang International Mines Corp. has a 40% interest in this project and will sell it to the joint venture of [REDACTED] for USD\$100 million.
2. Matters relating to [REDACTED] capital contribution to acquire Dehua Group's controlling interest in the Wapiti River Project will proceed to the negotiation of specific terms and the signing of agreements once the acquisition of HD Mining International Ltd. and its Murray River Project and other related matters have been completed.

Chairperson of [REDACTED] [signature]

Chairperson of Dehua International Group (signature): [signature]

Translator's signature: 

STIBC No.: 04-10-2555

# APPENDIX B

# Declaration

I, Shao Xi Chu, Certified English to Chinese Translator, a member in good standing of the Society of Translators and Interpreters of British Columbia (S.T.I.B.C.), hereby attest that, to the best of my knowledge and belief, I accurately and faithfully translated from the Chinese language into the English language the Collaboration Deposit Agreement between Dehua and [REDACTED] hereto attached.

Signed in Langley, BC on November 26, 2023.



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Shao Xi Chu

Pages in English: 1

Pages in Chinese: 1



**STIBC** Society of Translators  
and Interpreters of British Columbia



Shao Xi (Mike) Chu  
**Certified Translator**  
English to Chinese

Valid to: December 31, 2023  
Member No: 04-10-2555



## Collaboration Deposit Agreement between Dehua and [REDACTED]

Party A: [REDACTED]

[Original text in English]: [REDACTED]

Party B: Canadian Dehua International Mines Group Inc.

[Original text in English]: Canadian Dehua International atonal Mines Group

[REDACTED] (hereinafter referred to as "Party A") and Canadian Dehua International Mines Group Inc. (hereinafter referred to as "Party B"), regarding the collaboration matter of Party A acquiring Party B's shares in the Wapiti River Coalfield Project and Party A acquiring Party B's shares in the Murray River Coalfield Project, enter into this collaboration deposit agreement after friendly negotiation. The deposit applies to one of the two projects, i.e., it acts as a collaboration deposit for the project in which the collaboration transaction is completed first. The two parties shall abide by together. The specifics are as follows:

1. Party A shall pay Party B a collaboration deposit of CNY 6,000,000 yuan (or USD\$1,000,000). The deposit shall be remitted to an account designated by Party B, which has the following information:  
Account name: Beijing Shuailing Trading Co., Ltd.  
Home branch: Business Department of Fangshan Sub-branch, Lvliang, Shanxi Branch of Agricultural Bank of China  
Bank account: [REDACTED] 173
2. Payment date: within 5 business days of the execution of this contract.
3. In the event of force majeure or that there is a material discrepancy between Party A's investigation and Party B's representation, Party B shall return the deposit to Party A.
4. The two parties shall engage in friendly negotiation of any unresolved matter. If the negotiation fails, the matter shall be decided by the Canadian court where the project is located.
5. The breach liability and loss shall be fully borne by the breaching party.
6. The agreement is made in quadruplicate, with Party A and Party B each holding two copies.
7. The agreement shall be effective immediately upon execution.

Party A: [REDACTED]

The signing representative: [REDACTED] [signature]

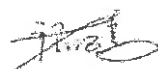
Party B: Canadian De [translator's note: the character of "Hua" is missing in the original text] International Mines Group Inc.

The signing representative: Naishun Liu [signature]

Signing date: November 25, 2023

Signing place: Beijing, China

Translator's signature:



STIBC No.: 04-10-2555

# APPENDIX C

Canadian Dehua International Mines Group Inc.  
Cash Flow Statement  
For the 94-week period ending March 17, 2024

CCAA Proceedings	Week Ending	Notes	Week 86	Week 87	Week 88	Week 89	Week 90	Week 91	Week 92	Week 93	Week 94	Total
			Actual	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	
			1	-	-	-	-	-	-	-	-	1
<b>Total Receipts</b>												
<b>Disbursements</b>												
Licence Fees	[2]		(203)	-	-	-	-	-	-	(23)	-	(226)
Automobile Expenses	[3]		(7)	-	-	-	-	-	-	-	-	(7)
Bank Charges			(0)	-	-	-	-	-	(0)	-	-	(1)
Travelling Expenses	[4]		(2)	-	(2)	-	-	-	-	-	-	(4)
Wages and Benefits	[5]		(60)	-	-	-	-	-	-	-	(122)	(182)
Due Diligence Expenses	[6]		(12)	-	(10)	(40)	-	-	-	-	-	(62)
Professional Fees	[7]		(900)	(19)	-	(130)	-	(75)	-	-	(75)	(1,199)
<b>Total Disbursements</b>			<b>1,184</b>	<b>19</b>	<b>-</b>	<b>142</b>	<b>40</b>	<b>-</b>	<b>(75)</b>	<b>0</b>	<b>(23)</b>	<b>(1,680)</b>
<b>Net Change in Cash</b>			<b>(1,184)</b>	<b>(19)</b>	<b>-</b>	<b>(142)</b>	<b>(40)</b>	<b>-</b>	<b>(75)</b>	<b>(0)</b>	<b>(23)</b>	<b>(1,679)</b>
DIP Financing / (Repayments)	[7]		1,184	126	-	110	-	228	-	-	-	1,680
Open at Cash	[8]		-	1	107	107	75	35	255	180	180	157
<b>End at Cash</b>			<b>\$ 1</b>	<b>\$ 107</b>	<b>\$ 107</b>	<b>\$ 75</b>	<b>\$ 35</b>	<b>\$ 255</b>	<b>\$ 180</b>	<b>\$ 180</b>	<b>\$ 157</b>	<b>\$ 1</b>

刘扣波

Qubo Liu, Chief Financial Officer  
Canadian 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.

- [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 for 2023 and 2024.
- [3] Automobile Expenses relate to car insurance for CDI's automobiles.
- [4] Travelling Expenses relate to August 2022 and 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 General Manager responsible for operations and an employee responsible for external communication. Mr. Liu confirmed that payments were made up to January 2023, both employees agreed that the remaining accumulating salaries will be paid after the CCAA proceedings.
- [6] Due Diligence Expenses relate to site visit expenses for interested parties and contingencies for due diligence expenses.
- [7] Professional fees include the Company's legal counsel, as well as the Monitor and Monitor's legal counsel. The aggregate amount of professional fees outstanding is \$38,841, with \$19,150 for the Company's legal counsel and \$19,690 for the Monitor.
- [8] Total approved Debtor-in-possession ("DIP") financing amount is \$1,390,000 with \$1,184,291.10 withdrawn to date. The Applicant's counsel will seek to increase the DIP Loan by an additional \$290,000 to fund the Applicant's costs during the CCAA proceedings to March 17, 2024.
- [9] CDI has paid the Monitor a retainer of \$50,000 and the Monitor's Legal Counsel a retainer of \$50,000 to support the initial expenses in preparation for the CCAA Proceedings. These retainers have not been reflected in this cash flow.