



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.**

TENTH REPORT OF THE MONITOR

February 20, 2024

INTRODUCTION AND PURPOSE

1. This report (“**Tenth 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. Pursuant to an order of this Honourable Court dated January 17, 2024, the purpose of the Tenth Report is to provide the stakeholders with an update on the progress of a potential transaction as between the Company and the Potential Purchaser as defined in previous reports of the Monitor.
3. A more fulsome report is intended to be filed by the Monitor prior to the expiration of the current stay of proceedings on March 18, 2024.
4. 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

5. 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**”).
6. 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.

7. 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.
8. 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.
9. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian Dollars.

THE STATUS OF THE AMENDED SISP

10. Subsequent to the previous court hearing, the Monitor requested the Company to set up a call with the Potential Purchaser and include the Monitor as a participant for the call.
11. Accordingly, on January 29, 2024, the Company, the Chairman of the Board of the Potential Purchaser (the “**Chairman**”) and a mandarin speaking representative of the Monitor attended a call.
12. The Chairman confirmed that he had been advised of CDI’s insolvency proceeding and confirmed the Potential Purchaser’s interest in acquiring both of the Wapiti and Murray River mining projects.
13. The Chairman advised that due to the size of the capital commitment that is required subsequent to either acquisition in order to get the mining projects to commercial production, it was seeking to partner with a Hong Kong based company.
14. The Chairman noted that its proposed Hong Kong based partner was intending to seek a resolution of its board to pursue the partnership with the Potential Purchaser, however due to the Chinese New Year holiday that meeting was not scheduled to take place until March 2024.

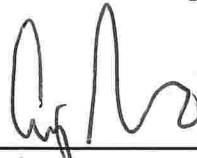


15. Accordingly, the deposit from the Potential Purchaser will not occur until after the result of that board meeting.
16. Finally, the Chairman confirmed his understanding that the Company was not committed to the Potential Purchaser and that CDI was holding discussions with other parties.
17. In that regard, the Monitor has been made aware that the majority shareholder of HD Mining International Limited (“**HD Mining**”) (owner of the Murray River mining project) was in discussions with another China based company to acquire all of the shares of HD Mining (the “**HD Mining Purchaser**”).
18. HD Mining is 55% owned by Huiyong Holdings (BC) Ltd. (“**Huiyong**”), 40% owned by CDLV (which is 51% owned by CDI) and 5% owned by Staray Capital Limited (a Hong Kong based company).
19. The Monitor has received a copy of an Equity Transfer Framework Agreement (the “**Framework**”) prepared by in-house legal counsel for Huiyong’s parent company in Beijing.
20. The Framework was written in Chinese. CDI’s counsel has translated the agreement into English which was provided to the Monitor. The Monitor understands that an official translation is being performed, however it was not completed as of the date of the Tenth Report.
21. The Framework outlines the proposed terms of an agreement to be negotiated as between the HD Mining Purchaser and the current three shareholders of HD Mining.
22. According to the Framework, CDLV would receive US\$220 million for its 40% interest in HD Mining. If consummated, this would equate to an allocation to CDI of approximately US\$112 million prior to any income taxes payable.

23. The Framework also provides for a deposit of RMB40 million to be paid to an account designated by CDLV within 6 days of signing the Framework.
24. The Monitor reached out to Huiyong's parent's legal counsel to obtain further details as to expected timelines etc. and was directed to Huiyong's external counsel in Canada.
25. Accordingly, the Monitor intends to communicate with Huiyong's external counsel and will provide further details in its next report.

All of which is respectfully submitted this 20th day of February, 2024.

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.