



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., WAPITI
COKING COAL MINES CORP. AND CANADIAN BULLMOOSE MINES CO.,
LTD.**

TWENTY FIRST REPORT OF THE MONITOR

December 12, 2024

INTRODUCTION AND PURPOSE

1. This report (“**Twenty First 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. The purpose of this Twenty First Report is to update the Court with respect to its order issued on December 2, 2024 directing the Monitor to provide its views on the Company’s efforts to sell its assets which were the subject of a Modified SISP Order granted on November 30, 2022.
3. A copy of the Modified SISP Order is attached as Appendix A.

TERMS OF REFERENCE

4. 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**”).
5. 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.
6. 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.

7. 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.
8. The Monitor notes that it has relied on the representations of the Company and has not independently verified any of its statements. While the Monitor has no reason to doubt what the Company has conveyed to the Monitor, the Monitor's opinion about the adequacy of marketing efforts or anything else herein is qualified by that limitation.
9. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian Dollars.

THE MODIFIED SISP

10. On August 18, 2022, a Sales and Investment Solicitation Process ("**SISP**") was granted by this Honourable Court. The SISP was solely for the sale of CDI's interest in Wapiti Coking Coal Mines Corporation ("**Wapiti**").
11. On November 30, 2022, a Modified SISP Order was granted to include CDI's interest in the Murray River Project owned by HD Mining International Ltd. ("**Murray River**") and Canadian Bullmoose Mines ("**CBM**").
12. As indicated in the Fifth Report of the Monitor, the Company with the support of the Monitor performed the following procedures pursuant to the Modified SISP Order:
 - (a) Prepared a teaser document (the "**Teaser**") providing an overview of CDI, a summary of its mining projects, the coal tenure map of CBM and Murray River and some related geological information;
 - (b) Utilized the list of potential interested parties used for the Wapiti project, which was prepared using the S&P Capital IQ transaction screen for Metals and Mining, and Coal and Consumable Fuels transactions between 2018 to 2022;

- (c) On December 10, 2022 forwarded the Teaser to 44 companies located in North America, Europe and Australia and to 23 companies located in China to the contact person identified from the Capital IQ search as noted above;
 - (d) For the CBM project, uploaded the English version of the exploration geology report, the Chinese version of the geology report and a site map to an electronic data room (the “**Data Room**”);
 - (e) For the Murray River project, uploaded the Chinese version of the geology report and the translated English version of the geology report to the Data Room; and
 - (f) Inserted an advertisement in the January 16 – 22, 2023 publication of the Northern Miner magazine.
13. The Modified SISP Order had a deadline of March 10, 2023, for the receipt of non-binding letters of interest.
 14. As of March 10, 2023, the Company had received no letters of interest (“**LOI**”) pursuant to the Modified SISP but did have an LOI for CDI’s 60% of its shares of Wapiti.
 15. Subsequent to March 10, 2023, CDI advised the Monitor that it continued to pursue the Wapiti LOI with a goal of converting it into a binding agreement of purchase and sale.
 16. Subsequent to March 10, 2023, despite its best efforts the Company was unable to convert the Wapiti LOI or any other interested party into a binding agreement of purchase and sale.
 17. As indicated in the Fourteenth Report of the Monitor dated July 9, 2024, on July 3, 2024, the Monitor received an offer from TaneMahuta Capital (“**TaneCap**”) in the amount of \$400,000 for the Wapiti and CBM assets.

18. As noted in the Nineteenth Report of the Monitor dated October 16, 2024, the TaneCap offer was viewed by the Company as opportunistic at a time when the DIP Lender was struggling to find funds to pay the outstanding professional fees secured by the Administration Charge.
19. As further indicated in the Fourteenth Report, the Monitor provided feedback to TaneCap regarding its offer and advising TaneCap of the DIP Lender's intention to prepare and submit a credit bid offer to CDI for the assets of Wapiti and CBM.
20. The Company continued to engage with TaneCap, however as noted in the Sixteenth Report of the Monitor dated August 29, 2024, the parties were unable to agree to terms acceptable to the Company.
21. As further noted in the Sixteenth Report of the Monitor, counsel to the DIP Lender copied the Monitor on an email to CDI indicating its intention to prepare a binding agreement of purchase and sale for the assets of Wapiti and CBM.
22. On August 30, 2024 this Honourable Court granted an order directing all parties to provide binding offers for the assets of Wapiti and CBM by 4:00 PM on September 6, 2024 for a hearing to be held on September 17, 2024 to consider any offers received. At the time however, only CDI was a petitioner, and as such only the shares CDI held in Wapiti and CBM were available to be sold in the CCAA process.
23. As summarized in the Seventeenth Report of the Monitor dated September 16, 2024, on September 6, 2024, two offers were received by the Monitor. The first was a binding Purchase Agreement from the DIP Lender and the second was an offer from TaneCap.
24. The Company in consultation with the Monitor agreed to pursue the Purchase Agreement from the DIP Lender as it appeared to be the superior offer.

25. However, when the Company and the DIP Lender engaged in discussions regarding a form of vesting order, it became apparent that the DIP Lender was seeking a vesting order against the assets of Wapiti and CBM, which required them being added as Petitioners to these proceedings.
26. In its Seventeenth Report to Court dated September 16, 2024, the Monitor advised the Court of the marketing steps (as detailed in paragraph 12 of this report) that had been conducted by the Company with assistance from the Monitor in accordance with the Modified SISP.
27. In paragraph 28 of the Seventeenth Report, the Monitor provided the following comments with respect to its views on the Modified SISP as follows:
 - (a) the business and assets of Wapiti and CBM have been extensively marketed;
 - (b) the sale process was fair and transparent and provided all participants with equal access to information and opportunity to submit an offer; and
 - (c) the purchase price and other terms of the Purchase Agreement (defined as the DIP Lender's offer) are fair and reasonable and as demonstrated through the sale process represent the best offer available.
28. In paragraph 30 of the Seventeenth Report, the Monitor provided its support for the DIP Lender's offer noting however that an extension of the stay of proceedings was necessary to allow for the time needed to add Wapiti and CBM as petitioners in these proceedings such that a vesting order could subsequently be sought with respect to the assets of Wapiti and CBM.
29. The Monitor remains of the views expressed in the Seventeenth Report.

30. However, the Monitor has also observed that relevant jurisprudence in British Columbia and elsewhere in Canada indicates that where a non-compliant late bid reveals a significant discrepancy in value as compared to the highest bid, that fact alone may result in an inference that there was some latent aspect of the process such that it failed to achieve its objective of obtaining the highest value available for stakeholders.

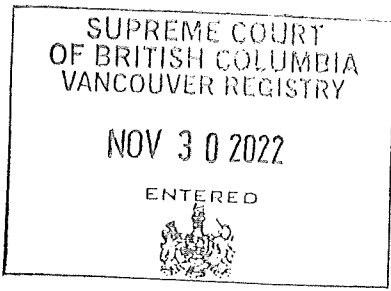
All of which is respectfully submitted this 12th day of December, 2024.

FTI Consulting Canada Inc.,
in its capacity as Monitor of Canadian Dehua
International Mines Group Inc., Wapiti Coking
Coal Mines Corp. and Canadian Bullmoose
Mines Co., Ltd.



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

APPENDIX A



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.

PETITIONERS

ORDER MADE AFTER APPLICATION

(APPROVAL OF MODIFIED SALES AND INVESTMENT SOLICITATION PROCESS)

BEFORE))	
)	THE HONOURABLE JUSTICE WALKER)	November 30, 2022
))	
))	

ON THE APPLICATION of the Petitioner coming on for hearing at 800 Smithe Street, Vancouver, BC V6Z 2E1 on November 30, 2022 and on hearing Colin D. Brousson and Jeffrey D. Bradshaw, counsel for the Petitioner and those other counsel listed on **Schedule "A"** hereto; AND UPON READING the material filed herein; AND UPON READING the material filed, including the Third Report of the Monitor dated August 16, 2022; AND pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA"), the British Columbia Supreme Court Civil Rules and the inherent jurisdiction of this Honourable Court;

THIS COURT ORDERS that:

SERVICE

1. The time for service of the Notice of Application dated November 28, 2022, is abridged such that the Notice of Application is properly returnable today and service of the Notice of Application on any interested party is hereby dispensed with.

APPROVAL OF SALES AND INVESTMENT SOLICITATION PROCESS

2. The amended sale and investment solicitation process attached as **Schedule "B"** to this Order (the "**Modified SISP**") is approved.

SUBSEQUENT HEARING DATE

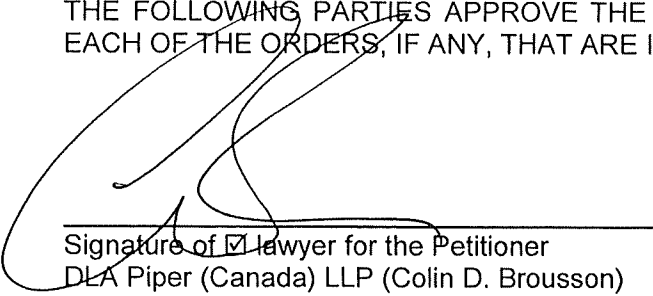
3. There shall be a hearing held on December 14, 2022, at 10:00 a.m., in these proceedings (the "**Comeback Hearing**"). This order is granted without prejudice to any position that may be taken at the Comeback Hearing. At the Comeback Hearing interested parties are at liberty to seek orders to vary or amend any of the relief contained herein.

GENERAL

4. The Petitioner, Monitor, or any interested party, may from time to time apply to this Court for advice and directions with respect to the Modified SISP, on reasonable notice to the Service List (as defined in the Initial Order).

5. Endorsement of this Order by counsel appearing on this application, other than counsel for the Petitioner, is hereby dispensed with.

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:



Signature of Lawyer for the Petitioner
DLA Piper (Canada) LLP (Colin D. Brousson)

BY THE COURT



REGISTRAR



SCHEDULE "A"

NAME OF COUNSEL	PARTY REPRESENTING
Eamonn Watson	China Shougang International Trade & Engineering Corporation
David Gruber	The Monitor, FTI Consulting Canada Inc.
Erin Hatch	Canada Zhonghe Investment Ltd.
Glen Nesbitt	Canadian Kailuan Dehua Mines Co., Ltd.

SCHEDULE "B"

Modified Sale and Investment Solicitation Process Outline

Introduction

On June 3, 2022, Canadian Dehua International Mines Group Inc. (the "**Petitioner**") to the initial order (the "**Initial Order**") granted by the Supreme Court of British Columbia (the "**Court**"), obtained relief under the *Companies' Creditors Arrangement Act* (Canada) ("**CCAA**") from the Court that, among other things, commenced the CCAA proceedings (the "**CCAA Proceedings**"), granted an initial stay of proceedings in respect of the Petitioners (the "**Stay**") and appointed FTI Consulting Canada Inc. as monitor (the "**Monitor**").

The Wapiti River coal project is a large-scale underground mine at the senior exploration stage which is located near Tumbler Ridge, British Columbia (the "**Wapiti Project**"). The Petitioner is the sole shareholder in the Wapiti Coking Coal Mines Corporation, the company that owns and operates the Wapiti Project.

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. CDI indirectly holds 20.4% of the shares in the company that is developing the Murray River Project.

CDI also has a 24% ownership interest in Bullmoose Mines Co., Ltd. (the "**Bullmoose Project**," and together with the Wapiti Project and the Murray River Projects, the "**Projects**") which is a joint venture with two other parties. The Bullmoose Project is currently under development and exploration at this time. There have been significant investments in the Bullmoose Project and it has significant tax losses that have accrued to date.

On August 18, 2022, the Petitioners obtained a further amended and restated version of the Initial Order from the Court (the "**Second Revised Amended and Restated Initial Order**") that, among other things,

- (a) extended the Stay to December 1, 2022;
- (b) authorized the Petitioners to pursue all avenues of refinancing or sale of its business or property, in whole or part, subject to prior approval of the Court before any material refinancing or sale is concluded;
- (c) approved the Sale and Investment Solicitation Process (the "**SISP**"); and
- (d) approved the procedures set forth in this documents (the "**SISP Process Outline**").

On _____, 2022, the Petitioner obtained an order that modified the SISP to include the Murray River and Bullmoose Projects and extended the Stay to March 17, 2023, to facilitate the implementation of the modified SISP.

To facilitate an efficient and thorough SISP, the Petitioners will:

- (a) create a form of non-disclosure agreement (“**NDA**”) and established a confidential online data site, maintained by the Monitor, to facilitate due diligence investigations by Qualified Bidders (defined below) who enter into a NDA with the Petitioner; and
- (b) finalize a list of potential bidders, including (i) parties that have approached the Petitioner or the Monitor indicating an interest in the Opportunity (defined below), (ii) domestic and international strategic and financial parties who the Petitioner, in consultation with the Monitor, believe could be interested in purchasing all or part of the Assets (defined below) or investing in the Petitioner pursuant to the SISP (including, without limitation, any parties with whom the Petitioner was in contact with prior to the Initial Order as part of the Petitioner’s strategic review process) and (iii) any other parties reasonably suggested by a stakeholder as a potential bidder who may be interested in the Opportunity (collectively, “**Known Potential Bidders**”).

Opportunity

- 1. The SISP is intended to solicit interest in and opportunities for a sale of or investment in the Petitioner’s interests in the Projects or the Petitioner generally (the “**Opportunity**”). The Opportunity may include one or more of a recapitalization, arrangement or other form of investment in the Petitioner, or a sale of all, substantially all or part of the Petitioner’s interests in the Projects (the “**Assets**”).
- 2. Except to the extent otherwise set forth in a definitive sale or investment agreement with a successful bidder, any sale of the Assets or investment in the Petitioner will be on an “as is, where is” basis and without surviving representations or warranties of any kind, nature, or description by the Petitioner, the Monitor or any of their respective agents, advisors or estates, and, in the event of a sale, all of the right, title and interest of the Petitioner in and to the Assets to be acquired will be sold free and clear of all pledges, liens, security interests, encumbrances, claims, charges, options, and interests therein and thereon pursuant to Court orders, except as otherwise provided in such Court orders.

Timeline

- 3. The following table sets out the key milestones under the SISP:

Milestone	Deadline
Teaser Letter sent to potential Known Potential Bidders	As soon as practicable and, in any case, not later than December 10, 2022
Phase 1 Non-Binding LOIs Bid Deadline	March 10, 2023 (the “ LOI Deadline ”)
Phase 2 Bid Deadline	To be specified in Phase 2 Bid Process Letter, but in any case not later than ,June 18, 2023

- 4. The Petitioner may, with the consent of the Monitor, and in consultation with affected stakeholders, shorten any of the deadlines specified above. The Petitioner is also at liberty, on notice to the Service List, to make application to the Court to terminate the within SISP should it believe that it can present a Plan to the creditors in the CCAA Proceeding without the need to complete the SISP as contemplated herein.

Solicitation of Interest: Notice of the SISP

5. The SISP will include a notification process and up to two phases of activity for qualified interested bidders (“**Phase 1**” and “**Phase 2**”, respectively). As soon as reasonably practicable, but in any event by no later than December 10, 2022:
 - (a) The Petitioner will cause a notice of the SISP (and such other relevant information which the Petitioner, in consultation with the Monitor, considers appropriate) (the “**Notice**”) to be published in such publications as the Petitioner, in consultation with the Monitor, consider appropriate, if any.

PHASE 1: NON-BINDING LOIs

Phase 1 Qualified Bidders

6. Any Known Potential Bidder or other third party who contacts either the Petitioner or Monitor to express interest in participating in the SISP (each, a “**Potential Bidder**”) must provide an executed NDA to the Petitioner and a letter setting forth the identity of the Potential Bidder, the contact information for such Potential Bidder and full disclosure of the direct and indirect principals of the Potential Bidder.
7. A Potential Bidder (who has delivered the executed NDA and letter as set out above) will be deemed a “**Phase 1 Qualified Bidder**” only if the Petitioner, in its reasonable business judgment and in consultation with the Monitor, determines that such Potential Bidder is likely, based on the availability of financing, experience and other considerations, to be able to timely consummate a sale or investment pursuant to the SISP.
8. At any time during Phase 1 of the SISP, the Petitioner may, in its reasonable business judgment with the consent of the Monitor, eliminate a Phase 1 Qualified Bidder from the SISP, in which case such bidder will be eliminated from the SISP and will no longer be a “Phase 1 Qualified Bidder” for the purposes of the SISP.
9. The Petitioner, in consultation with the Monitor, reserves the right to limit any Phase 1 Qualified Bidder’s access to any confidential information (including any information in the data room) and to customers and suppliers of the Petitioner, where, in the Petitioner’s opinion after consultation with the Monitor, such access could negatively impact the SISP, the ability to maintain the confidentiality of the confidential information, the Petitioner or the Assets.
10. Potential Bidders must rely solely on their own independent review, investigation and/or inspection of all information of the Petitioner and the Assets in connection with their participation in the SISP and any transaction they enter into with the Petitioner.

Non-Binding Letters of Intent from Qualified Bidders

11. A Phase 1 Qualified Bidder that wishes to pursue the Opportunity further must deliver a non-binding letter of intent (an “**LOI**”) to the Monitor and the Petitioner at the addresses specified in Schedule “1” attached hereto (including by email or fax transmission), so as to be received by them not later than 5:00 PM (Pacific Time) on or before March 10, 2023,

or such other date as the Petitioner may advise in accordance with paragraph 4 (the "**Phase 1 Bid Deadline**").

12. Subject to paragraph 11, an LOI so submitted will be considered a qualified LOI (a "**Qualified LOI**") only if:
- (a) it is submitted on or before the Phase 1 Bid Deadline by a Phase 1 Qualified Bidder;
 - (b) it contains an indication of whether the Phase 1 Qualified Bidder is proposing:
 - (i) to acquire all, substantially all or a portion of the Assets (a "**Sale Proposal**"); or
 - (ii) a recapitalization, arrangement or other form of investment in the Petitioner for the Assets or generally (an "**Investment Proposal**");
 - (c) in the case of a Sale Proposal, it identifies or contains the following:
 - (i) the purchase price or price range in Canadian dollars, including details of any liabilities to be assumed by the Phase 1 Qualified Bidder and key assumptions supporting the valuation;
 - (ii) a description of the Assets that is expected to be subject to the transaction and any of the Assets expected to be excluded;
 - (iii) a description of the Phase 1 Qualified Bidder's proposed treatment of material agreements (if any);
 - (iv) a specific indication of the financial capability of the Phase 1 Qualified Bidder and the expected structure and financing of the transaction;
 - (v) a description of the conditions and approvals required for the Phase 1 Qualified Bidder to be in a position to submit a final and binding offer, including any anticipated corporate, security-holder or other internal approvals and any anticipated impediments for obtaining such approvals;
 - (vi) an outline of any additional due diligence required to be conducted in order to submit a final and binding offer;
 - (vii) a description of all conditions to closing that the Phase 1 Qualified Bidder expects to include in its final and binding offer, including without limitation any regulatory approvals and any form of agreement required from a government body, stakeholder or other third party ("**Third Party Agreement**") and an outline of the principal terms thereof; and
 - (viii) any other terms or conditions of the Sale Proposal that the Phase 1 Qualified Bidder believes are material to the transaction;

- (d) in the case of an Investment Proposal, it identifies the following:
 - (i) a description of how the Phase 1 Qualified Bidder proposes to structure the proposed investment;
 - (ii) the aggregate amount of the equity and/or debt investment to be made in the Petitioner in Canadian dollars;
 - (iii) key assumptions supporting the Phase 1 Qualified Bidders' valuation;
 - (iv) a description of the Phase 1 Qualified Bidder's proposed treatment of any liabilities, material contracts and employees;
 - (v) a specific indication of the sources of capital for the Phase 1 Qualified Bidder and the structure and financing of the transaction;
 - (vi) a description of the conditions and approvals required for the Phase 1 Qualified Bidder to be in a position to submit a final and binding offer, including any anticipated corporate, security-holder or other internal approvals and any anticipated impediments for obtaining such approvals;
 - (vii) an outline of any additional due diligence required to be conducted in order to submit a final and binding offer;
 - (viii) a description of all conditions to closing that the Phase 1 Qualified Bidder expects to include in its final and binding offer, including without limitation any regulatory approvals and any Third Party Agreement required and an outline of the principal terms thereof; and
 - (ix) any other terms or conditions of the Investment Proposal which the Phase 1 Qualified Bidder believes are material to the transaction;
 - (e) in the case of either a Sale Proposal or an Investment Proposal, it contains such other information as reasonably requested by the Petitioner or the Monitor.
13. For the avoidance of doubt, the completion of any Sale Proposal or Investment Proposal shall be subject to the approval of the Court and the requirement of approval of the Court may not be waived.

Preliminary Assessment of Phase 1 Bids and Subsequent Process

14. Following the Phase 1 Bid Deadline, the Petitioner, in consultation with the Monitor, will assess the Qualified LOIs. If it is determined by the Petitioner, in consultation with the Monitor, that a Phase 1 Qualified Bidder that has submitted a Qualified LOI: (i) has a bona fide interest in completing a Sale Proposal or Investment Proposal (as the case may be); and (ii) has the financial capability (based on availability of financing, experience and other considerations) to consummate such a transaction based on the financial information provided, then such Phase 1 Qualified Bidder will be deemed a "**Phase 2 Qualified Bidder**", provided that the Petitioner may, in its reasonable business judgment and with the approval of the Monitor, limit the number of Phase 2 Qualified Bidders (and thereby eliminate some bidders from the process) taking into account the factors identified in

paragraph 15 below and any material adverse impact on the operations and performance of the Petitioner. Only Phase 2 Qualified Bidders shall be permitted to proceed to Phase 2 of the SISP.

15. As part of the assessment of Qualified LOIs and the determination of the process subsequent thereto, the Petitioner, with the approval of the Monitor, shall determine the process and timing to be followed in pursuing Qualified LOIs based on such factors and circumstances as they consider appropriate in the circumstances including, but not limited to: (i) the number of Qualified LOIs received, (ii) the extent to which the Qualified LOIs relate to the same Assets or involve Investment Proposals predicated on certain Assets, (iii) the scope of the Assets to which any Qualified LOIs may relate, and (iv) whether to proceed by way of sealed bid or auction (with or without a Stalking Horse Bidder) with respect to some or all of the Assets.
16. Upon the determination by the Petitioner, and with the approval of the Monitor, of the manner in which to proceed to Phase 2 of the SISP, the Petitioner, and with the approval of the Monitor, will prepare a bid process letter for Phase 2 (the "**Bid Process Letter**"), and the Bid Process Letter will be (i) sent by the Monitor to all Phase 2 Qualified Bidders, and (ii) posted by the Monitor on the website the Monitor maintains in respect of this CCAA proceeding.

PHASE 2: FORMAL OFFERS AND SELECTION OF SUCCESSFUL BIDDER

17. Paragraphs 19 to 25 below and the conduct of Phase 2 are subject to paragraphs 15 and 16, and any adjustments made to Phase 2 in accordance with the Bid Process Letter and any further Court order regarding the SISP.
18. For certainty, the conduct of Phase 2 as outlined in paragraphs 19 to 25 is an anticipated outline of the conduct of Phase 2. The Petitioner, in consultation with the Monitor, will return to the Court with an application to commence Phase 2 on or before December 1, 2022, at which time the conduct of Phase 2 will be confirmed.

Due Diligence

19. The Petitioner, in consultation with the Monitor, shall in its reasonable business judgment and subject to competitive and other business considerations, afford each Phase 2 Qualified Bidder such access to due diligence materials and information relating to the Assets and the Petitioner as they deem appropriate. Due diligence access may include management presentations, on-site inspections, and other matters which a Phase 2 Qualified Bidder may reasonably request and as to which the Petitioner, in their reasonable business judgment and after consulting with the Monitor, may agree. The Petitioner will designate a representative to coordinate all reasonable requests for additional information and due diligence access from Phase 2 Qualified Bidders and the manner in which such requests must be communicated. Neither Petitioner nor the Monitor will be obligated to furnish any information relating to the Assets or the Petitioner to any person other than to Phase 2 Qualified Bidders. Further and for the avoidance of doubt, selected due diligence materials may be withheld from certain Phase 2 Qualified Bidders if the Petitioner, in consultation with the Monitor, determine such information to represent proprietary or sensitive competitive information.

Formal Binding Offers

20. Phase 2 Qualified Bidders that wish to make a formal offer to purchase or make an investment in the Petitioner or its Assets shall submit a binding offer that complies with all of the following requirements prior to the date set out in the Bid Process Letter (the "**Phase 2 Bid Deadline**"):
- (a) the bid shall comply with all of the requirements set forth in respect of Phase 1 Qualified LOIs;
 - (b) the bid (either individually or in combination with other bids that make up one bid) is an offer to purchase or make an investment in some or all of the Assets of the Petitioner and is consistent with any necessary terms and conditions communicated to Phase 2 Qualified Bidders;
 - (c) the bid includes a letter stating that the Phase 2 Qualified Bidder's offer is irrevocable until the selection of the Successful Bidder (as defined below), provided that if such Phase 2 Qualified Bidder is selected as the Successful Bidder, its offer shall remain irrevocable until the closing of the transaction with the Successful Bidder;
 - (d) the bid includes duly authorized and executed transaction agreements, including the purchase price, investment amount and any other key economic terms expressed in Canadian dollars (the "**Purchase Price**"), together with all exhibits and schedules thereto, all applicable ancillary agreements with all exhibits and schedules thereto (or term sheets that describe the material terms and provisions of such agreements), and proposed order to approve the sale by the Court;
 - (e) the bid includes written evidence of a firm, irrevocable commitment for financing or other evidence of ability to consummate the proposed transaction, that will allow the Petitioner, with the assistance of the Monitor to make a determination as to the Phase 2 Qualified Bidder's financial and other capabilities to consummate the proposed transaction;
 - (f) the bid is not conditioned on (i) the outcome of unperformed due diligence by the Phase 2 Qualified Bidder, apart from, to the extent applicable, to the disclosure of due diligence materials that represent proprietary or sensitive competitive information which was withheld in Phase 2 from the Phase 2 Qualified Bidder and/or (ii) obtaining financing;
 - (g) the bid fully discloses the identity of each entity that will be entering into the transaction or the financing;
 - (h) the bid includes a commitment by the Phase 2 Qualified Bidder to provide a non-refundable deposit in the amount of not less than 10% of the purchase price offered upon the Phase 2 Qualified Bidder being selected as the Successful Bidder and in any event, prior to service of the materials for the Sale Approval Motion (as defined below);
 - (i) the bid includes acknowledgements and representations of the Phase 2 Qualified Bidder that: (i) the transaction is on an "as is, where is" basis; (ii) it has had an

opportunity to conduct any and all due diligence regarding the Assets and the Petitioner prior to making its offer (apart from, to the extent applicable, the disclosure of due diligence materials that represent proprietary or sensitive competitive information which were withheld in Phase 2 from the Phase 2 Qualified Bidder); (iii) it has relied solely upon its own independent review, investigation and/or inspection of any documents and/or the Assets in making its bid; and (iv) it did not rely upon any written or oral statements, representations, warranties, or guarantees whatsoever, whether express, implied, statutory or otherwise, regarding the Assets, or the Petitioner or the completeness of any information provided in connection therewith, except as expressly stated in the definitive transaction agreement(s) signed by the Petitioner;

- (j) the bid includes evidence, in form and substance reasonably satisfactory to the Petitioner and the Monitor, of authorization and approval from the Phase 2 Qualified Bidder's board of directors (or comparable governing body) with respect to the submission, execution, delivery and closing of the transaction agreement(s) submitted by the Phase 2 Qualified Bidder;
 - (k) the bid contains other information required by the Petitioner or the Monitor including, without limitation, such additional information as may be required in the event Phase 2 is supplemented in accordance with paragraph 16 to contemplate that an auction of certain Assets be conducted; and
 - (l) the bid is received by the Phase 2 Bid Deadline.
21. Following the Phase 2 Bid Deadline, the Petitioner, in consultation with the Monitor, will assess the Phase 2 bids received. The Petitioner, in consultation with the Monitor, will designate the most competitive bids that comply with the foregoing requirements to be "**Qualified Bids**". No Phase 2 bids received shall be deemed not to be Qualified Bids unless the Monitor so approves. Only Phase 2 Qualified Bidders whose bids have been designated as Qualified Bids are eligible to become the Successful Bidder(s).
22. The Monitor shall notify each Phase 2 Qualified Bidder in writing as to whether its bid constituted a Qualified Bid within three (3) business days of the Phase 2 Bid Deadline, or at such later time as the Petitioner and the Monitor, deem appropriate.
23. The Petitioner, may, in consultation with the Monitor, aggregate separate bids from unaffiliated Phase 2 Qualified Bidders (if, and only if, such aggregation is reasonably practicable to effect a transaction without overlap) to create one "Qualified Bid".

Selection of Successful Bid

24. The Petitioner, in consultation with the Monitor, (a) will review and evaluate each Qualified Bid, provided that each Qualified Bid may be negotiated between the Petitioner, in consultation with the Monitor, and the applicable Phase 2 Qualified Bidder, and may be amended, modified or varied to improve such Phase 2 Qualified Bid as a result of such negotiations, and (b) identify the highest or otherwise best bid (the "**Successful Bid**"), and the Phase 2 Qualified Bidder making such Successful Bid, the "**Successful Bidder**") for any particular Assets or the Petitioner, in whole or part. The Petitioner's determination of any Successful Bid, with the assistance of the Monitor, shall be subject to approval by the Court.

Sale Approval Motion Hearing

25. At the hearing of the motion to approve any transaction with a Successful Bidder (the "**Sale Approval Motion**"), the Petitioner shall seek, among other things, approval from the Court to consummate any Successful Bid. All the Phase 2 Qualified Bids other than the Successful Bid, if any, shall be deemed rejected by the Petitioner on and as of the date of approval of the Successful Bid by the Court.

Confidentiality, Stakeholder/Bidder Communication and Access to Information

26. All discussions regarding an LOI, Sale Proposal or Investment Proposal must be directed through the Petitioner. Under no circumstances should any stakeholder of the Petitioner be contacted directly without the prior consent of the Petitioner. Any such unauthorized contact or communication could result in exclusion of the interested party from the SISP process.
27. Participants and prospective participants in the SISP shall not be permitted to receive any information that is not made generally available to all participants relating to the number or identity of Potential Bidders, Phase 1 Qualified Bidders, LOIs, Phase 2 Qualified Bidders, Phase 2 Qualified Bids, the details of any bids submitted or the details of any confidential discussions or correspondence between the Petitioner, the Monitor and such other bidders or Potential Bidders in connection with the SISP, except to the extent the Petitioner, with the approval of the Monitor and consent of the applicable participants, are seeking to combine separate bids from Phase 1 Qualified Bidders or Phase 2 Qualified Bidders.
28. The Petitioner, in consultation with the Monitor, may consult with the legal and financial advisers to parties with a material interest in the CCAA proceedings regarding the status of the SISP to the extent considered appropriate (subject to taking into account, among other things, whether any particular party is a Potential Bidder, Phase 1 Qualified Bidder, Phase 2 Qualified Bidder or other participant or prospective participant in the SISP or involved in a bid), provided that any such party has entered into confidentiality arrangements satisfactory to Petitioner.

Supervision of the SISP

29. The Monitor will participate in the conduct of the SISP in the manner set out in this SISP Process Outline and the Initial Order and is entitled to receive all information in relation to the SISP. Ultimately, the Court will have the final word on approval of any Sale Proposals or Investment Proposals.
30. This SISP does not, and will not be interpreted to create any contractual or other legal relationship between the Petitioner and any Phase 1 Qualified Bidder, any Phase 2 Qualified Bidder or any other party, other than as specifically set forth in a definitive agreement that may be signed with the Petitioner.
31. Participants in the SISP are responsible for all costs, expenses and liabilities incurred by them in connection with the submission of any LOI, Phase 2 bid, due diligence activities, and any further negotiations or other actions whether or not they lead to the consummation of a transaction.

32. The Petitioner shall have the right to modify the SISP (including, without limitation, pursuant to the Bid Process Letter) with the prior written approval of the Monitor if, in their reasonable business judgment, such modification will enhance the process or better achieve the objectives of the SISP; provided that the Service List in this CCAA proceeding shall be advised of any substantive modification to the procedures set forth herein.

Schedule "1"

Address for Submitting LOIs and Phase 2 Bids

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

Email: Ins9168@hotmail.com
Attn : Naishun Liu, Director

with copies to:

DLA Piper (Canada) LLP
Suite 2800, Park Place
666 Burrard St
Vancouver BC V6C 2Z7
Canada

Fax: +1 604.605.4875
Email: colin.brousson@dlapiper.com
Attn : Colin D. Brousson

FTI Consulting Canada Inc.
700 West Georgia Street
Vancouver, BC V7Y 1C7

Email: Craig.Munro@fticonsulting.com
Attn : Craig Munro, Managing Director