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

PETITIONERS

NOTICE OF APPLICATION

Name of applicant:	Qu Bo Liu (the "**Applicant**")
To:	The Service List (attached hereto as Schedule **"A"**) and TaneMahuta Capital, Ltd. (the "**Respondents**")

TAKE NOTICE that an application will be made by the Applicant to Mr. Justice Walker at the courthouse at 800 Smithe Street, Vancouver, British Columbia on 02/DEC/2024 at 9:00 AM,for the orders set out in Part 1 below. The applicant estimates that the application will take 1 hour.

☒ This matter is not within the jurisdiction of an associate judge as Mr. Justice Walker is seized of this matter.

Part 1: ORDER(S) SOUGHT

1. An order substantially in the form attached as Schedule **"B"** approving the purchase agreement between Canadian Dehua International Mines Group Inc. ("**CDI**"), Wapiti Coking Coal Mines Corp, and Canadian Bullmoose Mines Co., Ltd. (collectively, the "**Debtors**") and the Applicant dated October 9, 2024, a copy of which is attached as Schedule **"C"**.

2. An order that TaneMahuta Capital Ltd. ("**TaneMahuta**"), pay the Administrative Charge of $350,000 or such portion of it which has been incurred by CDI since September 6, 2024, Administrative Charge shall be paid from the $650,000 paid by TaneMahuta to the Monitor, FTI Consulting Canada Inc.

3. In the alternative, an order that TaneMahuta reimburse the Applicant for the amount she is required to pay in respect of the Administrative Charge in order to apply the full amount of

her Debtor-In-Possession Loan to the purchase price of $1,650,000 for the Wapiti and Bullmoose Assets being purchased by the Applicant.

4. Any further relief the Court deems appropriate.

PART 2: FACTUAL BASIS

A. The Parties and Background Facts

1. The petitioner, Canadian Dehua International Mines Group Inc. ("**CDI**"), has been under the protection of the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended ("**CCAA**") since June 3, 2022. FTI Consulting Canada Inc. was appointed as monitor in these proceedings (the "**Monitor**").

2. CDI owns all of the shares of:

   (a) Wapiti Coking Coal Mines Corporation ("**Wapiti**"); and

   (b) Canadian Bullmoose Mines Co. Ltd. ("**Bullmoose**").

3. CDI, Wapiti and Bullmoose have pursued, in joint venture agreements with Chinese government owned companies, the exploration for and development of coal mines in Northeastern B.C. These ventures are called the Wapiti Project and the Bullmoose Project.

4. CDI holds 9 mineral titles for the Bullmoose Project. Wapiti holds 5 mineral titles for the Wapiti Project. There are no mineral titles registered in the name of Bullmoose. The business of CDI, Wapiti and Bullmoose is highly integrated.

5. CDI, Wapiti, Bullmoose, along with their joint venture partners who are Chinese government owned companies, expended substantial amounts on exploration work between 2011 and 2012 at which time activities were suspended. The Chinese government companies have made claims exceeding $84 million against CDI. These companies have co-extensive claims against Wapiti and Bullmoose.

6. On April 6, 2022, China Shougang International Trade & Engineer Corporation ("**Shougang**"), which holds a Chinese arbitration award and has obtained a judgment in BCSC for $20.8 million against CDI, commenced proceedings pursuant to the *Bankruptcy and Insolvency Act*. In response, CDI obtained an order for creditor protection. On June 9, 2022, CDI obtained an order approving debtor-in-possession financing from the Applicant Mrs. Liu who is a shareholder and director of CDI. The other shareholder is her husband Naishun Liu.

7. As of September, 2024, Mrs. Liu has provided debtor-in-possession financing to CDI in the amount of $1,499,331.16 (the "**DIP Loan**"). Most of the DIP Loan has been used to pay the

fees of DLA Piper (Canada) LLP, CDI's counsel, the Monitor and its counsel, Bennett Jones LLP. The remaining funds were allocated for payments to the Ministry of Finance and licence fees.

8. On November 30, 2022, the court approved a Modified Sales and Investment Solicitation Process (the "**SISP**").[1]

9. The SISP provides for sale of the Wapiti and Bullmoose Projects together with the Murray River Project which is not at issue at this time.

10. After an extensive period of marketing by the Monitor which failed to produce a binding offer for the assets of CDI, Wapiti and Bullmoose, Mrs. Liu, who had been providing all of the funds required to pay the expenses of CDI arising from the CCAA proceedings, decided she would make an offer for the assets of CDI, Wapiti and Bullmoose. As the creditors of CDI are also creditors of Wapiti and Bullmoose any offer needed to address those creditors.

11. On August 30, 2024, the court ordered sealed bids by interested parties for the Wapiti and Bullmoose assets to be made by 4:00 p.m. on September 6, 2024 (the "**August 30 Order**"). The Applicant made an offer in the form of a Purchase Agreement which could be accepted by CDI without further negotiation, subject only to approval by the court and the required vesting order, for the price of $1,650,000, of which $1,450,000 would be an offset to her DIP Loan with $200,000 of new funds to be used by CDI to further the SISP process for the benefit of creditors. Mrs. Liu's offer was compliant with the terms of the August 30 Order as it was a binding offer for the Wapiti and Bullmoose assets.

12. TaneMahuta made an offer of $650,000. On September 17, 2024, the court determined that the Applicant had made a superior offer and the Stay was extended in order to add Wapiti and Bullmoose as petitioners.

13. On October 15, 2024, TaneMaHuta filed a notice of application seeking an order that it be permitted to make a further offer for the Wapiti and Bullmoose Assets in the amount of $2,000,000 and that this offer be approved.[2]

14. TaneMahuta was incorporated on November 24, 2020, and Aref Hossin Amanat is the sole director of TaneMahuta.[3] No information has been provided about its business apart from its involvement in these proceeds. The manner in which it has approached the purchase of the Wapiti and Bullmoose assets indicates that it has not been candid with the court. It claimed, until November 26, 2024, to be uninterested in acquiring the Wapiti and Bullmoose

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[1] Affidavit of Xiao Liu made October 15, 2024 (the "**Liu Aff #1**"), Ex F
[2] Nineteenth Report of the Monitor, Appendix A
[3] Liu Aff #1, Ex H

Projects for the purpose of mining coal and presented itself as a company with limited resources only interested in acquiring the leases to protect the environment.

15. On September 17, 2024, at the hearing before Justice Walker, Ms. Karen Fellowes, K.C. for TaneMahuta, made the following submissions:

    (a) Mrs. Liu's binding offer was not compliant with the August 30 Order because it was not accompanied by a deposit, although this was not required by the Order;

    (b) TaneMahuta's offer, although for $1 million less than Mrs. Liu's offer was superior because it did not require the addition of Wapiti and Bullmoose as petitioners;

    (c) the time and expense required to add Wapiti and Bullmoose was not justified; and

    (d) when asked how the offer could be superior as all of the offer would simply reduce the DIP Loan, leaving no funds for further sales efforts, Ms. Fellows submitted that Mrs. Liu could agree not to apply the sales proceeds to her DIP Loan.

16. When the court noted that TaneMahuta's offer required an asset purchase agreement to be agreed to, Mr. Amanat said that he had an asset purchase agreement ready and would circulate it.

17. Over the lunch break, Ms. Fellowes circulated a document titled Asset Purchase Agreement, which was virtually a carbon copy of Mrs. Liu's Purchase Agreement with the name of the purchaser changed.[4]

18. When proceedings resumed after lunch break, Ms. Fellowes did not appear and Mr. Amanat made submissions on behalf of TaneMahuta. The court noted that the definition of assets in TaneMahuta's Asset Purchase Agreement required the addition of Wapiti and Bullmoose as petitioners. In response, Mr. Amanat advised the court that despite the definition of assets, TaneMahuta would complete if its offer was approved in some modified form which had not been provided to the court, or anyone else, without any Wapiti and Bullmoose being added as petitioners. His request for approval was denied on the basis that TaneMahuta's offer was not superior to Mrs. Liu's even with this proviso.

19. The court extended the stay of proceedings to permit an application to be made to add Wapiti and Bullmoose as Petitioners and related proceedings.

20. In anticipation that Wapiti and Bullmoose would be added as Petitioners, and at the suggestion of Carole Hunter, a member of CDI's legal team, Mrs. Liu presented on October 9, 2024 to CDI and the Monitor, a revised Purchase Agreement in which all of CDI, Wapiti and

[4] Liu Aff #1, Ex U

Bullmoose are vendors.[5] In this revised agreement, the assets to be purchased remained the same except for the removal of 4 Wapiti mineral titles, and the purchase price remained $1,650,000.

21. On October 9, 2024, Ms. Fellowes made the submission that TaneMahuta intended to make a superior offer to that of Mrs. Liu, but TaneMahuta now required an opportunity for due diligence and a site visit of Wapiti and Bullmoose Projects by a geologist and engineer. Ms. Fellowes advised that TaneMahuta was particularly concerned to examine any construction work that had been done.

22. The transformation of TaneMahuta's position from one of conservation and environmental protection to interest in coal mining was not explained. No explanation was provided for why TaneMahuta had not made a much better offer, which it was evidently capable of doing, on September 6, 2024, or why it had previously advised the Monitor that it could only offer $400,000.

23. At the hearing on October 9, 2024, Justice Walker ordered TaneMahuta and Mrs. Liu to file an application response to CDI's notice of application for approval of Mrs. Liu's revised Purchase Agreement by noon on October 15, 2024.

24. On October 15, 2024, TaneMahuta failed to deliver its application response, instead, it delivered a Notice of Application seeking an order for approval of its revised offer and reject Mrs. Liu's revised Purchase Agreement, along with the first affidavit of Mr. Amanat. Mrs. Liu had to prepared an application response to TaneMahuta's notice of application, supported by Mrs. Liu's affidavit, which were delivered on October 16, 2024.

25. The hearing took place on October 17, 18, 21 and 22, 2024, the court heard submissions from Mr. Bradshaw, Mr. Fraser, Ms. Fellowes, and counsel for each of the Monitor, Shougang, and Canada Zhonghe Investment Ltd.

26. Ms. Fellowes advised the court that TaneMahuta was able to revise its offer to $2 million as it had recently obtained information about the amount of coal contained in the Wapiti and Bullmoose titles as well as other valuable equipment and amounts spent on construction. She did not explain how this information was consistent with TaneMahuta being interested in acquiring the Wapiti and Bullmoose assets for conservation.

27. Naturally, this inconsistency led to the submission for Mrs. Liu that TaneMahuta's true purpose and its funding sources were highly in doubt.

28. On October 22, 2024, TaneMahuta attempted to answer these issues by Mr. Amanat's second affidavit in which he said the source of TaneMahuta's funds was not connected to CDI's

[5] Liu Aff #1, Ex W

creditors overseas. However, Mr. Amanat did not describe the source of the funds, nor provide records showing the source of the funds.

29. On October 22, 2024, the court granted an order for Mr. Amanat to be cross-examined on his second affidavit.

B. <u>TaneMahuta Concealed the CSR and Failure to Produce Financial Documents</u>

30. Between November 4 and 5, 2024, in preparation for the cross-examination of Mr. Amanat, Mr. Fraser's office arranged with TaneMahuta's registered and records office, then the firm Richards Buell Sutton LLP ("**RBS**"), to inspect the corporate records of TaneMahuta pursuant to the *Business Corporation Act* (the "***Act***"). In particular, counsel for Mrs. Liu sought to obtain a copy of TaneMahuta's Central Securities Register (the "**CSR**").[6]

31. On November 6, 2024, a paralegal from Mr. Fraser's office, attended RBS' office to inspect the corporate records of TaneMahuta. During the inspection, RBS refused to provide TaneMahuta's CSR for inspection, relying on s. 49 of the *Act*.

32. Later that day, co-counsel for Mrs. Liu, Helen Liu, wrote to RBS, advising that s. 49 of the *Act* did not apply to Mrs. Liu's request and again asked for the CSR.[7]

33. On the following day, RBS informed counsel for Mrs. Liu that they were no longer the registered and records office for TaneMahuta and would not be providing any corporate records.

34. On November 8, 2024, Mr. Fraser wrote to Ms. Fellowes, requested the CSR and records showing the source of TaneMahuta's funds. Mr. Fraser also made an inquiry about Mr. Amanat's availability for cross-examination on November 22, 2024.[8]

35. On November 12, 2024, Mr. Bradshaw sent an email to Ms. Fellowes requesting confirmation of Mr. Amanat's availability for cross-examination on November 22, 2024.[9]

36. On November 15, 2024, Michael Feder, K.C., Lance Williams, Kevan Hanoswki and Ashley Bowron of McCarthy Tétrault LLP filed a Notice of Appointment or Change of Lawyer in place of Ms. Fellowes, in these proceedings.[10]

37. On November 19, 2024, at the hearing before Justice Walker, Mr. Fraser advised the court that he had requested TaneMahuta to make its CSR available for inspection but had not received a response.

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[6] Liu Aff #2, Ex C
[7] Liu Aff #2, Ex E
[8] Affidavit of Xiao Liu made November 15, 2024 the (the "**Liu Aff #2**"), Ex G
[9] Liu Aff #2, Ex H
[10] Affidavit of Xiao Liu made November 28, 2024 (the "**Liu Aff #3**"), Ex B

38. Over the break, Mr. Hanoswki advised Mr. Fraser that the registered and records office of TaneMahuta had been changed to suite 100 – 1515 West 7th Avenue, Vancouver, B.C. (the "**R&R Office**").[11] Mr. Fraser and his associate Ms. Liu attempted to examine the corporate records that day at the new R&R Office but were told they would have to make an appointment with Mr. Amanat who was not available.

39. On November 19, 2024, Justice Walker directed the cross-examination of Mr. Amanat take place no later than December 16, 2024, and granted short leave to Mrs. Liu to file materials for any applications relevant to the cross-examination of Mr. Amanat.[12]

40. On November 22, 2024, Mr. Fraser wrote to McCarthy Tétrault LLP requesting Mr. Amanat provide a time for them to re-attend at the R&R Office to inspect the CSR and other public documents.[13]

41. On the same day, Mr. Fraser also wrote to McCarthy Tétrault LLP to advise what allegations of unfairness and misconduct alleged on the part of Mrs. Liu, CDI, its counsel, the Monitor, and its counsel, would need to be withdrawn in exchange for TaneMahuta not filing the second affidavit of Mr. Amanat. Mr. Fraser did not agree to the order for Mr. Amanat's cross-examination being vacated.[14]

42. On November 25, 2024, Mr. Fraser wrote to McCarthy Tétrault LLP again requested Mr. Amanat to provide a time when they may inspect the CSR and other publicly available records of TaneMahuta. Mr. Fraser also requested TaneMahuta provide the records which will show the true source of TaneMahuta's funds.[15]

43. On November 26, 2024, Mr. Amanat served a Notice of Intention to Act in Person.[16]

44. On November 26, 2024, Ms. Liu sent an email to Mr. Amanat forwarding Mr. Fraser's letters to McCarthy Tétrault LLP, and requested time for inspection of the CSR and public records.[17]

45. On November 27, 2024, Mr. Amanat wrote to Mr. Fraser advising TaneMahuta was no longer participating in these proceedings, and its intention to withdraw its bid as well as its related submissions and affidavits.[18]

C. Special Costs on Full Indemnity Basis

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[11] Liu Aff #3, Ex A
[12] Liu Aff #3, Ex C
[13] Liu Aff #3, Ex E
[14] Liu Aff #3, Ex D
[15] Liu Aff #3, Ex F
[16] Liu Aff #3, Ex G
[17] Liu Aff #3, Ex H
[18] Liu Aff #3, Ex I

46. The Monitor's 16th Report dated August 29, 2024, at paragraph 27, advised that as at August 28, 2024, the Company held cash of approximately $42,000.

47. On November 18, 2024, the Monitor delivered its 20th Report advised outstanding professional fees for the Monitor and counsel for the Monitor and CDI, as follows:

> 41. With respect to the approval of the either the Sale Agreement or the TaneCap APA, the Monitor notes the following concerns:
>
> (a) No further advances have been made pursuant to the DIP Loan and as a result, the Monitor and its counsel as well as the Company's counsel and are now relying on the Administrative Charge which is approved to be a maximum of $350,000;
>
> (b) The Monitor is advised that the Company's counsel is currently owed approximately $150,000 for outstanding fees, Monitor's counsel is owed approximately $80,000 and the Monitor is owed approximately $85,000;
>
> (c) The above noted outstanding fees total approximately $315,000 and accordingly if the Sale Agreement is approved, there will not be sufficient residual funds to bring the professionals current nor provide any amount to pursue the sale of the remaining assets of CDI or fund an alternative process that may be sought by the unsecured creditors without further advances under the DIP Loan; ...

48. In the Seventh Amended and Restated Initial Order, it provides the provisions that the Administration Charge takes priority over Mrs. Liu's DIP Loan as follows:

> 41. The priorities of the Administration Charge, Interim Lender's Charge, and the Directors' and Officers' Charge shall be as follows:
>
> First – Administration Charge (to the maximum amount of $350,000);
>
> Second – Interim Lender's Charge (to the maximum amount of $1,680,000);
>
> Third – Directors and Officers' Charge (to the maximum amount of $200,000).
>
> (collectively, the "**Charges**")

49. However, as discussed above, since September 6, 2024, TaneMahuta has caused the following steps to be taken:

(a) at the hearing on September 17, 2024, Ms. Fellowes made submissions that TaneMahuta's offer, although for $1 million less than Mrs. Liu's offer was superior, and provided a document titled Asset Purchase Agreement, which was virtually a carbon copy of Mrs. Liu's Purchase Agreement with the name of the purchaser changed;

(b) after the September 17, 2024 hearing, TaneMahuta made due diligence requests of CDI, and advised CDI and the Monitor of its intention to submit a revised offer for a purchase price exceeding the amount indicated in Mrs. Liu's Purchase Agreement;

(c) at the hearing on October 9, 2024, Ms. Fellowes required an opportunity for due diligence and a site visit of Wapiti and Bullmoose Projects by a geologist and engineer, and made submissions alleging unfairness and misconduct on the part of Mrs. Liu, CDI, its counsel, the Monitor, and its counsel;

(d) as a result of allegations made by Ms. Fellowes on behalf of TaneMahuta, a four-day hearing took place on October 17, 18, 21 and 22, 2024, during which Ms. Fellowes made serious allegations of unfair treatment, bad faith, dishonest and fraudulent conduct, and conflict of interest on the party of Mrs. Liu, CDI, its counsel, the Monitor, and its counsel;

(e) after the court granted an order for Mr. Amanat to be cross-examined on his second affidavit, Mr. Amanat failed to provide his availability for the cross-examination;

(f) TaneMahuta refused to provide its Central Securities Register for inspection, changed its Registered and Records office, and refused to provide its corporate records after a demand was made to its then counsel at RBS;

(g) just before the hearing on November 19, 2024, TaneMahuta replaced Ms. Fellowes with four counsel of McCarthy Tétrault LLP and delayed the process for Mr. Amanat's cross-examination;

(h) at the hearing on November 19, 2024, Mr. Hanowski made submissions on TaneMahuta's possible intention to withdraw the second affidavit of Mr. Amanat and apply for the order for Mr. Amanat's cross-examination being vacated, and advised the court that he would provide TaneMahuta's position to CDI, the Monitor, the Applicant and other parties by November 26, 2024;

(i) after the hearing on November 19, 2024, Mr. Fraser and Ms. Liu attended TaneMahuta's current registered and records office to inspect its corporate records, they were told that they need to arrange for an appointment with Mr. Amanat to inspect the records;

(j) on November 22 and 25, 2024, Mr. Fraser wrote to McCarthy Tétrault LLP requesting a time to inspect TaneMahuta's corporate records but received no response; and

(k) on November 26, Mr. Amanat served TaneMahuta's Notic of Intention to Act in Person, and wrote to the Monitor and CDI advised that TaneMahuta would no longer participate in these proceedings, and withdrawal of its bid as well as its related submissions and affidavits.

50. TaneMahuta conduct has resulted in professional fees of more than $315,000, which should have been avoided. In order to access her DIP Loan, either the Applicant must pay the fees secured by the Administrative Charge, or TaneMahuta should be ordered to pay these fees and charges.

51. TaneMahuta has caused, by making an application that it had no standing to bring, significant commercial chaos in these proceedings, a burden that should not be borne by Mrs. Liu.

PART 3: LEGAL BASIS

52. Pursuant to section 11 of the *Companies' Creditors Arrangement Act*, RSC 1985, c C-36 ("**CCAA**"), this court may make any order that it considers appropriate in the circumstances:

> Despite anything in the *Bankruptcy and Insolvency Act* or the *Winding-up and Restructuring Act*, if an application is made under this Act in respect of a debtor company, the court, on the application of any person interested in the matter, may, subject to the restrictions set out in this Act, on notice to any other person or without notice as it may see fit, make any order that it considers appropriate in the circumstances.

53. Section 18.6 of CCAA provides that:

> **Good faith**
>
> 18.6 (1) Any interested person in any proceedings under this Act shall act in good faith with respect to those proceedings.
>
> (2) If the court is satisfied that an interested person fails to act in good faith, on application by an interested person, the court may make any order that it considers appropriate in the circumstances.

54. Mrs. Liu seeks costs against TaneMahuta of these proceedings as special costs on a full indemnity basis since September 6, 2024.

55. Special costs are awarded at the discretion of the court in cases where the conduct of one of the parties is "reprehensible", It encompasses scandalous or outrageous conduct as well as milder forms of misconduct deserving or rebuke.

Garcia v. Crestbrook Forest Industries Ltd. No. 2 (1994), 1994 CanLII 2570 (BC CA),

9 B.C.L.R. (3d) 242 (C.A.) ¶ 17;
Gichuru v. Smith, 2014 BCCA 414, ¶78

56. Unproven allegations of fraud may attract an award of special costs. Factors to consider are whether the allegations were obviously unfounded, recklessly made, or made out of malice. Madam Justice Ballance summarized the law in ***International Hi-Tech Industries Inc. v. FANUC Robotics Canada Ltd.***, 2007 BCSC 1724, where, at paras. 7-11, she said:

> [7] The case law demonstrates a wide variety of circumstances that have resulted in the awarding of special costs. The failure to prove allegations of fraud will not automatically result in such an award (see: *307527 B.C. Ltd. v. Langley*, 2005 BCCA 161, 210 B.C.A.C. 155). However, where the totality of the circumstances reveal that allegations of fraud have been made frivolously, are without foundation, or made in circumstances where the alleging party had access to information sufficient to conclude that the defendant was merely negligent or had committed no wrongdoing at all, the allegations themselves are seen to be reprehensible warranting an order of special costs: *Chaplin v. Sun Life Assurance Company of Canada et al.*, 2004 BCSC 116, 1 C.P.C. (6th) 271); *Hamilton v. Open Window Bakery Ltd.*, 2004 SCC 9 (CanLII), [2004] 1 S.C.R. 303, 235 D.L.R.(4th) 193.
>
> [8] In *Ip v. Insurance Corp. of British Columbia* (1994), 89 B.C.L.R. (2d) 251 at 253, 23 C.P.C. (3d) 345 (S.C.), Mr. Justice MacKinnon remarked that a party must give thoughtful consideration before making serious allegations of fraud. He stated, "At the very least, a *prima facie* case must exist and if it does not then special costs by way of 'chastisement' is a reminder...to exercise better care in the future."
>
> [emphasis added]

57. Whether a judge should determine the quantum of costs as authorized under R. 14-1(15) is a matter of judicial discretion. An exception to the general proposition that the registrar is in the best place to determine the fees can arise in cases when the judge is intimately familiar with the litigation, or the time and costs of a registrar's hearing cannot be justified, for example, when there is a concern that the payor party will prolong the assessment of costs by insisting on a microscopic review of the bill.

Gichuru at ¶107-109

58. TaneMahuta's conduct is reprehensible and deserves the rebuke of this court by way of indemnifying Mrs. Liu for the Administrative Charge.

59. Given the amount which is now secured by the Administrative Charge, the Applicant's offer will not have to be modified, unless the court orders the Administrative Charge to be paid by

TaneMahuta and grants the Applicant full access to her DIP Loan, to provide that her offer is modified to provide that she will pay the Administrative Charge, will receive credit for the full amount of her DIP Loan, and will pay and additional sum to bring the purchase funds to $1,650,000. The Applicant intends to continue to fund these proceedings but will make separate arrangements to do that.

PART 4: MATERIAL TO BE RELIED ON

60. Affidavit #1 of Xiao (Helen) Liu made October 15, 2024.

61. Affidavit #2 of Xiao (Helen) Liu made November 15, 2024

62. Affidavit #3 of Xiao (Helen) Liu made November 28, 2024.

63. The pleadings and proceedings herein.

64. Such further and other materials as counsel may advise and the court may permit.

TO THE PERSONS RECEIVING THIS NOTICE OF APPLICATION: If you wish to respond to this notice of application, you must, within 5 business days after service of this notice of application or, if this application is brought under Rule 9-7, within 8 business days after service of this notice of application,

(a) file an application response in Form 33,

(b) file the original of every affidavit, and of every other document, that

(i) you intend to refer to at the hearing of this application, and

(ii) has not already been filed in the proceeding, and

(c) serve on the applicant 2 copies of the following, and on every other party of record one copy of the following:

(i) a copy of the filed application response;

(ii) a copy of each of the filed affidavits and other documents that you intend to refer to at the hearing of this application and that has not already been served on that person;

(iii) if this application is brought under Rule 9-7, any notice that you are required to give under Rule 9-7(9).

Date: November 28, 2024

Signature of Lawyer for the Applicant
Lawyer: R. Barry Fraser

Telephone: 604-343-3101
Email: bfraser@fraserlitigation.com

This NOTICE OF APPLICATION is prepared by R. Barry Fraser of the firm of **Fraser Litigation Group** whose place of business is 1100-570 Granville Street, Vancouver, British Columbia, V6C 1P3 (Direct #:604.343.3101, Fax #: 604.343.3119, Email: bfraser@fraserlitigation.com) (File #: 60913-001).

To be completed by the court only:

Order made

☐ in the terms requested in paragraphs ..... of Part 1 of this notice of application

☐ with the following variations and additional terms: .....

.....

.....

.....

Date: ..... *[dd/mmm/yyyy]*

Signature of ☐ Judge ☐ Associate Judge

APPENDIX

THIS APPLICATION INVOLVES THE FOLLOWING:

SCHEDULE "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

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PETITIONERS

SERVICE LIST

(Last Updated: November 28, 2024)

DLA Piper (Canada) LLP Suite 2800, Park Place 666 Burrard Street Vancouver, BC V6C 2Z7 **Attention: Colin D. Brousson and Jeffrey D. Bradshaw** Email: colin.brousson@dlapiper.com jeffrey.bradshaw@dlapiper.com dannis.yang@dlapiper.com Telephone: 604.643.6400 / 604.343.2941 *Counsel for the Petitioner*	FTI Consulting Canada Inc. Suite 1450, P.O. Box 10089 701 W Georgia Street Vancouver, BC V7Y 1B6 **Attention: Craig Munro and Hailey Liu** Email: Craig.Munro@fticonsulting.com Hailey.Loiu@fticonsulting.com Telephone: 604.757.6108 / 403.454.6040 *Monitor*

Bennett Jones LLP 666 Burrard Street, Suite 2500 Vancouver, BC V6C 2X8 **Attention: David E. Gruber and Mia Laity** Email: gruberd@bennettjones.com laitym@bennettjones.com morenoe@bennettjones.com Telephone: 604.891.5150 *Monitor*	Dentons 250 Howe Street, 20th Floor Vancouver, BC V6C 3R8 **Attention: Jordan Schultz and Eamonn Watson** Email: jordan.schultz@dentons.com eamonn.watson@dentons.com avic.arenas@dentons.com chelsea.denton@dentons.com Telephone: 604.691.6452 / 604.629.4997 *Counsel for China Shougang International Trade & Engineer Corporation*
Harper Grey LLP #3200 – 650 W Georgia Street Vancouver, BC V6B 4P7 **Attention: Erin Hatch and Roselle Wu** Email: ehatch@harpergrey.com rwu@harpergrey.com Telephone: 604.895.2818 *Counsel for Canada Zhonghe Investment Ltd.*	Fasken 1500 – 1055 W Georgia Street Vancouver, BC V6E 4N7 **Attention: Kibben Jackson and Mihai Tomos** Email: kjackson@fasken.com mtomos@fasken.com Telephone: 604.631.4786 / 403.261.7386 *Counsel for Canadian Kailuan Dehua Mines Co., Ltd.*
Lawson Lundell LLP Suite 1600 Cathedral Place 925 W Georgia Street Vancouver, BC V6C 3L2 **Attention: William L. Roberts** Email: wroberts@lawsonlundell.com Telephone: 604.631.9163 *Counsel for Accurate Court Bailiff Services Ltd.*	McMillan LLP 550 Burrard Street, Suite 2900 Vancouver, BC V6C 0A3 **Attention: Bernhard Zinkhofer** Email: Bernhard.Zinkhofer@mcmillan.ca Telephone: 604.689.9111 / 604.685.7084 *Counsel for HBIS Group International Holding Co., Limited*

BLG 1200 Waterfront Centre, 200 Burrard Street P.O. Box 48600 Vancouver, BC V7Z 1T2 **Attention: Ryan Laity and Jennifer Pepper** Email: RLaity@blg.com JPepper@blg.com Telephone: 604.632.3544 *Counsel for Huiyong Holdings (BC) Ltd.*	Weiheng Law 16th Floor, Tower A, China Technology Trading Building No. 66 North Fourth Ring West Road, Haidan District, Beijing **Attention: Wei Heng** Email: weiheng@weihenglaw.com Telephone: +86-10-62684688 *Counsel for Feicheng Mining Co., Ltd.*
McMillan LLP Royal Centre, 1055 W Georgia Street, Suite 1500 P.O. Box 11117 Vancouver, BC V6E 4N7 **Attention: Daniel Shouldice** Email. Daniel.Shouldice@mcmillan.ca Telephone: 604.691.6858 *Counsel for HD Mining International Ltd.*	Fasken Martineau DuMoulin LLP 550 Burrard Street, Suite 2900 Vancouver, BC V6C 0A8 **Attention: Fergus McDonnell and Johanna Fipke** Email: fmcdonnell@fasken.com jfipke@fasken.com Telephone: 604.631.3220 *Counsel for Staray Capital Limited*
Amanat Law Suite 100 – 1515 West 7th Avenue Vancouver, BC V6J 1S1 **Attention: Aref Amanat** Email: aref@amanat.net Telephone: 604.442.0898 *TaneMahuta Capital Ltd.*	Fraser Litigation Group 570 Granville Street, #1100 Vancouver, BC V6C 3P1 **Attention: R. Barry Fraser and Xiao Liu** Email: bfraser@fraserlitigation.com hliu@fraserlitigation.com Telephone: 604.343.3101 / 604.343.3111 *Counsel for Qu Bo Liu*

THC Lawyers Suite 2130, P.O. Box 321 Toronto, ON M5K 1K7 **Attention: Ran He** Email: rhe@thclawyers.ca Telephone: 647.792.7798 *Counsel for Feicheng Mining Group Co. Ltd.*	
Bullmoose Minig Ltd. 3577 West 34th Avenue Vancouver, BC V6N 2K7	Canada Revenue Agency c/o N. Sindu (462-11) 9755 King George Boulevard Surrey, BC V3T 5E6
CIBC – CEBA 400 Burrard Street Vancouver, BC V6C 3M5	Canadian Dehua Living International Mines Corp. 310 – 1155 W Pender Street Vancouver, BC V6E 2P4

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SCHEDULE B

No. S-224444
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT,

R.S.C. 1985, C. C-36, AS AMENDED

AND

IN THE MATTER OF A PLAN OF COMPROMISE AND ARRANGEMENT OF CANADIAN DEHUA INTERNATIONAL MINES GROUP INC.

PETITIONER

ORDER MADE AFTER APPLICATION
(APPROVAL AND VESTING ORDER)

BEFORE	THE HONOURABLE JUSTICE WALKER	December 2, 2024

ON THE APPLICATION of the Applicant, Qu Bo Liu, coming on for hearing at 800 Smithe Street, Vancouver, BC V6Z 2E1 on December 2, 2024, and on hearing R. Barry Fraser, counsel for Mrs. Liu and those other counsel listed on Schedule "A" hereto; AND UPON READING the material filed herein, including the Seventeenth Report dated September 16, 2024, and Twentieth Report dated November 18, 2024, of the Monitor; 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; and further to the Initial Order pronounced by this Court on June 3, 2022 (the "**Initial Order**") as revised, amended and restated from time to time including pursuant to the Amended and Restated Initial Order pronounced by this Court on June 9, 2022 (the "**ARIO**"), as amended from time to time; including the Seventh Amended and Restated Initial Order pronounced by this Court on October 9, 2024 (the "**Seventh ARIO**");

THIS COURT ORDERS that:

SERVICE

1. The time for service of the Notice of Application for this order and the supporting materials therefor is hereby abridged so that this application is properly returnable today and further service thereof is hereby dispensed with.

APPROVAL OF SALE TRANSACTION

2. The sale transaction (the "**Transaction**") contemplated by the Purchase Agreement dated as of October 9, 2024 (the "**Sale Agreement**") between Canadian Dehua International Mines Group Inc., Wapiti Coking Coal Mines Corp. and Canadian Bullmoose Mines Co., Ltd. (collectively, the "**Debtors**") and Qu Bo Liu (the "**Purchaser**") a copy of which is attached as Exhibit W to Affidavit #1 of Xiao (Helen) Liu, made on October 15, 2024, is hereby approved, and the Sale Agreement is commercially reasonable. The execution of the Sale Agreement by the Debtors is hereby authorized and approved, and the Debtors are hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction and for the conveyance to the Purchaser of the assets described in the Sale Agreement (the "**Purchased Assets**").

3. Upon delivery by the Monitor to the Purchaser of a certificate substantially in the form attached as Schedule "B" hereto (the "**Monitor's Certificate**"), all of the Debtors' right, title and interest in and to the Purchased Assets shall vest absolutely in the Purchaser in fee simple, free and clear of and from any and all security interest (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the "**Claims**") including, without limiting the generality of the foregoing, (i) any encumbrances or charges created by the Initial Order, as amended and restated from time to time, including, without limitation, by the ARIO and the Seventh ARIO; (ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* of British Columbia or any other personal property registry system (all of which are collectively referred to as the "**Encumbrances**") and, for greater certainty, this Court

orders that all of the Encumbrances affecting or relating to the Purchased Assets are hereby expunged and discharged as against the Purchased Assets.

4. For the purposes of determining the nature and priority of Claims, the net proceeds from the sale of the Purchased Assets shall stand in the place and stead of the Purchased Assets, and from and after the delivery of the Monitor's Certificate all Claims shall attach to the net proceeds from the sale of the Purchased Assets with the same priority as they had with respect to the Purchased Assets immediately prior to the sale, as if the Purchased Assets had not been sold and remained in the possession or control of the person having had possession or control immediately prior to the sale.

5. The Monitor is to file with the Court a copy of the Monitor's Certificate forthwith after delivery thereof.

6. The Debtors, with the consent of the Monitor and the Purchaser, shall be at liberty to extend the Closing Date to such later date as those parties may agree without the necessity of a further Order of this Court.

7. Notwithstanding:

   (a) these proceedings;

   (b) any applications for a bankruptcy order in respect of the Debtors now or hereafter made pursuant to the *Bankruptcy and Insolvency Act* and any bankruptcy order issued pursuant to any such applications; and

   (c) any assignment in bankruptcy made by or in respect of the Debtor,

   the vesting of the Purchased Assets in the Purchaser pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of the Debtors and shall not be void or voidable by creditors of the Debtors, nor shall it constitute or be deemed to be a transfer at undervalue, fraudulent preference, assignment, fraudulent conveyance or other reviewable transaction under the *Bankruptcy and Insolvency Act* or

any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

8. THIS COURT REQUESTS the aid and recognition of other Canadian and foreign Courts, tribunal, regulatory or administrative bodies, including any Court or administrative tribunal of any federal or State Court or administrative body in the United States of America, to act in aid of and to be complementary to this Court in carrying out the terms of this Order where required. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Petitioners, as may be necessary or desirable to give effect to this Order, to grant representative status to the Petitioners in any foreign proceeding, or to assist the Petitioners and its respective agents in carrying out the terms of this Order.

9. The Petitioners, the Monitor or any other party have liberty to apply for such further or other directions or relief as may be necessary or desirable to give effect to this Order.

10. Endorsement of this order by counsel appearing on the application other than counsel for the Petitioners 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 Qu Bo Liu
R. Barry Fraser

BY THE COURT

_____

REGISTRAR

SCHEDULE "A"

NAME OF COUNSEL	PARTY REPRESENTING

SCHEDULE B

MONITOR'S CERTIFICATE

No. S-224444
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT,

R.S.C. 1985, C. C-36, AS AMENDED

AND

IN THE MATTER OF A PLAN OF COMPROMISE AND ARRANGEMENT OF CANADIAN DEHUA INTERNATIONAL MINES GROUP INC.

PETITIONER

MONITOR'S CERTIFICATE

A. Pursuant to an Initial Order of the Honourable Justice Walker of the British Columbia Supreme Court (the "**Court**") dated June 3, 2024, the Petitioner was granted protection from its creditors pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-46, as amended (as amended, the "**CCAA**"), and FTI Consulting Canada Inc. was appointed as the monitor (the "**Monitor**").

B. Pursuant to a Seventh Amended and Restated Initial Order of the Honourable Justice Walker of the Court dated October 9, 2024, Wapiti Coking Coal Mines Corp. and Canadian Bullmoose Mines Co. Ltd. were added as petitioners to the CCAA proceedings.

C. Pursuant to an Approval and Vesting Order of the Court dated December 2, 2024 (the "**Order**"), the Court approved the sale transaction contemplated by the Purchase Agreement dated as of October 9, 2024 (the "**Sale Agreement**") between Canadian Dehua International Mines Group Inc, Wapiti Coking Coal Mines Corp. and Canadian Bullmoose Mines Co., Ltd. (collectively, the "**Debtors**") and the Purchaser dated October 7, 2024 (together, the "**Sale Agreement**"); and (b) the vesting of all of the right, title and interest in and to the Purchased Assets absolutely and exclusively in and to the Purchaser, free and clear of any Encumbrances.

D. Capitalized terms used but not defined herein have the meanings ascribed to them in the Order.

THE MONITOR CERTIFIES the following:

1. The Monitor has received written confirmation from the Purchaser and the Debtors, in form and substance satisfactory to the Monitor, that all conditions to closing have been satisfied or waived by the parties to the Sale Agreement.

2. This Monitor's Certificate was delivered by the Monitor at _____ on _____, 2024 (the "**Effective Time**").

FTI CONSULTING CANADA INC., in its capacity as Monitor of the Petitioner, and not in its personal capacity

By: _____

Name:

Title:

SCHEDULE "C"

PURCHASE AGREEMENT

THIS PURCHASE AGREEMENT is made effective as of October 9, 2024,

BETWEEN:

CANADIAN DEHUA INTERNATIONAL MINES GROUP INC. (Incorporation Number BC0712504), a company incorporated pursuant to the laws of British Columbia and having an office at Suite 202 – 2232 West 41st Avenue, Vancouver, BC V6M 1Z8

("**CDI**")

AND:

CANADIAN BULLMOOSE MINES CO., LTD. (Incorporation Number BC0907740), a company incorporated pursuant to the laws of British Columbia and having an office at 3577 West 34th Avenue, Vancouver, BC V6N 2K7

("**BULLMOOSE**")

AND:

WAPITI COKING COAL MINES CORP. (Incorporation Number BC1028948), a company incorporated pursuant to the laws of British Columbia and having an office at 3577 West 34th Avenue, Vancouver, BC V6N 2K7

("**WAPITI**")

(CDI, BULLMOOSE, and WAPITI are herein referred to collectively as the "**Vendors**")

AND:

QU BO LIU, a business person having an address at 3577 West 34th Avenue, Vancouver BC V6N 2K7

(the "**Purchaser**")

BACKGROUND

A. The Vendors carry on business of investing in, exploring, developing, and operating under-ground coal mining projects and supporting infrastructure in British Columbia and elsewhere, including two wholly owned mining projects described as the Wapiti Project (the "**Wapiti Project**") and the Bullmoose Project (the "**Bullmoose Project**") (the Wapiti Project and the Bullmoose Project are herein referred to collectively as the "**Projects**").

B. CDI is the legal and beneficial owner of the issued and outstanding shares in the capital of WAPITI, being 1,000,000 Voting Common Shares without par value. (the "**Wapiti Shares**") and WAPITI is the owner of the Wapiti Project, including all permits, mineral interests and coal licences, geological and exploration data, and intellectual property used or held directly or indirectly by CDI and WAPITI or either of them in the Wapiti Project, including without limitation the Wapiti Project Mineral Titles and Coal Licences as herein defined (collectively, the "**Wapiti Assets**").

C. CDI is the legal and beneficial owner of the issued and outstanding shares in the capital of BULLMOOSE, being 8,242,024 Class A Common Voting Shares without par value (the "**Bullmoose Shares**"), and Bullmoose and CDI or either of them are the owner of the Bullmoose Project, including all permits, mineral interests and coal licences, geological and exploration data, and intellectual property used or held directly or indirectly by CDI and BULLMOOSE or either of them in the Bullmoose Project, including without limitation the Bullmoose Project Mineral Titles and Coal Licences as herein defined registered in the name of CDI (collectively, the "**Bullmoose Assets**").

D. The Vendors and the Projects are the subject of certain proceedings brought pursuant to the *Companies' Creditors Arrangement Act* (Canada) in the Supreme Court of British Columbia, Vancouver Registry No. S-224444 (the "**CCAA Proceedings**").

E. Pursuant to the Orders of the Supreme Court of British Columbia (the "**Court**") in the CCAA Proceedings:

   a. the Vendors are authorized to pursue all avenues of sale of their respective assets, including their respective interests in the Projects, in whole or in part, subject to prior approval of the Court before any material sale is concluded; and

   b. the sale of the Vendors' interests in the Projects are to be implemented in compliance with the Modified Sale and Investment Solicitation Process Outline approved by the Court (the "**SISP**").

F. Pursuant to Debtor in Possession financing provided by the Purchaser to the Vendors, the Vendors are indebted to the Purchaser for $1,499,331 (the "**DIP Loan**").

G. Pursuant to and in accordance with the SISP, the Vendors have agreed to sell and the Purchaser has agreed to purchase all of the Vendors' right, title, and interest in and to the assets used or held in or for the Projects, including without limitation: the Wapiti Shares; the Wapiti Assets; the Bullmoose Shares; and the Bullmoose Assets; free and clear of all pledges, liens, security interests, encumbrances, claims, charges, options, and interests therein or thereon, on the terms and subject to the conditions set-out herein.

TERMS OF AGREEMENT

In consideration of the premises and the covenants and agreements contained in this Agreement, the parties agree with each other as follows:

1. Interpretation

1.1 In this Agreement:

(a) "**Agreement**" means this agreement and all amendments made hereto by written agreement between the Vendors and the Purchaser;

(b) "**Assets**" means the Wapiti Shares, the Wapiti Assets, the Bullmoose Shares, and the Bullmoose Assets, and includes without limitation all applications, permits, mineral interests and coal licences, consultant reports, geological and exploration samples and data, and intellectual property used or held directly or indirectly by the Vendors or any of them in the Projects;

(c) "**Bullmoose Project Mineral Titles and Coal Licences**" means the following Mineral Titles in respect of which CDI is the registered owner:

(i) Mineral Title #s 417760 to #417762;

(ii) Mineral Title # 417767;

(iii) Mineral Title #s 417770 to 417772; and

(iv) Mineral Title #s 417775 and 417776;

(d) "**Closing Date**" means October 17, 2024 or such other date as may be mutually agreed upon in writing by the parties;

(e) "**Shares**" means the 1,000,000 Voting Common Shares without par value in the capital of WAPITI, and the 8,242,024 Voting Common Shares without par value in the capital of BULLMOOSE, held by CDI;

(f) **"Time of Closing"** means 12:00 Noon Pacific Time on the Closing Date;

(g) **"Wapiti Project Mineral Titles and Coal Licences"** means the following Mineral Titles in respect of which WAPITI is the registered owner:

(i) Mineral Title #s 418161 to 418163;

(ii) Mineral Title # 418166; and

(iii) Mineral Title # 418168;

and any terms used herein denoted with initial capital letters shall have the meanings assigned to them by the provisions of this Agreement.

1.2 The division of this Agreement into articles and sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement. The terms "this Agreement", "hereof", "hereunder", and similar expressions refer to this Agreement and not to any particular article, section, or other portion hereof and include any agreement supplemental hereto. Unless something in the subject matter or context is inconsistent therewith, references herein to articles and sections are to articles and sections of this Agreement.

1.3 In this Agreement words importing the singular number only shall include the plural and vice versa, wordings importing the masculine gender shall include the feminine, and neuter genders and vice versa and words importing persons shall include individuals, partnerships, associations, trusts, unincorporated organizations, and companies. The term "including" means "including without limiting the generality of the foregoing".

1.4 All references to currency herein are to lawful money of Canada.

2. Purchase and Sale of Assets

2.1 Subject to the terms and conditions of this Agreement, on the Closing Date the Vendors will sell, assign, and transfer to the Purchaser and the Purchaser will purchase from the Vendors, as applicable, all (but not less than all) right, title, and interest in and to the Assets free and clear of all pledges, liens, security interests, encumbrances, claims, charges, options, and interests therein or thereon for a total purchase price of **$1,650,000.00** (the "**Purchase Price**").

2.2 The Purchase Price will be paid and satisfied as provided in section 9.3 and delivered by the Purchaser to the Vendors on the Closing Date against delivery to the Purchaser of the documents described in section 9.2.

2.3 The parties agree to use reasonable efforts to agree prior to the Closing Date on an allocation of the Purchase Price among the components of the Assets in accordance with the fair market value of such components on the Closing Date. However, the parties further agree that failure to agree on such an allocation prior to the Closing Date will not render this Agreement unenforceable or result in a termination of this Agreement, and in such case each of the Vendors and the Purchaser will make its own determination of allocation.

3. Mutual Condition.

The obligation of the parties to complete the transactions contemplated by this Agreement shall be subject to the following mutual condition, which is for the benefit of both the Vendors and the Purchaser:

> On or before the Closing Date, the Vendors shall have obtained (at the sole cost of the Vendors) an Order or Orders of the Court (collectively, the "**Final Order**"):

(i) approving the sale of the Assets to the Purchaser on the terms and conditions of this Agreement; and

(ii) upon the completion of the transactions contemplated by this Agreement, all right, title, and interest in and to the Assets used or held directly or indirectly by the Vendors or any of them in the Projects, including the Wapiti Shares, the Wapiti Assets, the Bullmoose Shares, and the Bullmoose Assets, shall vest absolutely in the Purchaser, WAPITI, and BULLMOOSE, as applicable, free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, options, trusts or deemed trusts (whether contractual, statutory, or otherwise), encumbrances, liens, executions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the "**Claims**") including, without limiting the generality of the foregoing, (A.) any encumbrance or charge created by order of the Court in the CCAA Proceeding; (B.) any Claim by Canada Zhonghe Investment Ltd.; and (C.) any Claim by HIBS Group International Holding Co. Limited (formerly Hebei Iron & Steel Group Co., Ltd.).

4. Deposit

4.1 Prior to the service of the materials for the application to the Court for the Final Order, the Purchaser shall pay a deposit of $165,000 (the "**Deposit**"), to DLA Piper (Canada) LLP, 2700 – 1133 Melville Street, Vancouver, BC V6E 4E5, to be held in accordance with the terms of this Agreement.

4.2 At the Closing, the Deposit shall be paid to the Vendors on account of the Purchase Price as provided in this Agreement.

4.3 If the transactions contemplated by this Agreement are not completed on the Closing Date:

(a) by reason of the failure to obtain the Final Order;

(b) by reason of the default of the Vendors or any of them in the performance or satisfaction of their respective obligations under this Agreement, or

(c) otherwise through no fault of any party,

the Deposit shall be forthwith returned to the Purchaser.

4.4 If the transactions contemplated by this Agreement are not completed on the Closing Date by reason of the default of the Purchaser in the performance or satisfaction of any of its obligations under this Agreement, the Deposit shall be paid to the Vendors as liquidated damages and not as a penalty, and upon payment of the Deposit the Vendors and each of them will have no further claim against the Purchaser for any additional damages or loss whatsoever.

5. Representations and Warranties

The parties acknowledge and represent that:

(a) the sale of the Assets is on an "as is, where is" basis;

(b) the Vendors do not make or give any representations or warranties that survive the completion of the transactions contemplated by this Agreement;

(c) the Purchaser has had an opportunity to conduct any and all due diligence regarding the Assets and the Vendors prior to making its offer;

(d) the Purchaser has relied solely upon its own independent review, investigation and/or inspection of any documents and/or the Assets in entering into this Agreement and completing the transactions contemplated by this Agreement; and

(e) the Purchaser did not rely upon any written or oral statements, representations, warranties, or guarantees whatsoever, whether express, implied, statutory or otherwise, regarding the Assets, the Vendors or the completeness of any information provided in connection therewith, except as expressly stated herein.

6. Vendors' Covenants

At or before the Time of Closing, the Vendors will deliver to the Purchaser possession of all books, records, book accounts, and all other documents, files, records, and other data, financial or otherwise, including mineral interests and coal licences, geological and exploration data, and intellectual property, relating to the Assets.

7. Purchaser's Conditions of Closing

7.1 The obligations of the Purchaser under this Agreement are subject to the following conditions for the exclusive benefit of the Purchaser being fulfilled at the Time of Closing or waived by the Purchaser at or before the Time of Closing:

(a) the Vendors and each of them will have complied with all terms and covenants in this Agreement agreed to be performed or caused to be performed by them at or before the Time of Closing;

(b) no action or proceeding against the Assets or the Vendors, or any of them, will be pending or threatened by any person, company, firm, governmental authority, regulatory body, or agency to enjoin or prohibit the purchase and sale of the Assets or any of them as contemplated by this Agreement, or the right of the Purchaser, BULLMOOSE, and WAPITI, as applicable, to directly or indirectly own the Assets free and clear of all pledges, liens, security interests, encumbrances, claims, charges, options, and interests therein or thereon, as contemplated by this Agreement;

(c) all necessary steps and proceedings will have been taken to permit the Assets to be duly and regularly transferred to and registered in the name of the Purchaser, as applicable, free and clear of all pledges, liens, security interests, encumbrances, claims, charges, options, and interests therein or thereon.

7.2 If on the Closing Date any of the conditions in section 7.1 are not fulfilled or waived as contemplated in section 7.3, the Purchaser may rescind this Agreement by notice in writing to the Vendors. In such event, the Purchaser shall be released from all obligations under this Agreement, and the Vendors will also be released unless the Vendors or any one or more of them were reasonably capable of causing such condition or conditions to be fulfilled, or the Vendors or any of them have breached any of their covenants or agreements in this Agreement.

7.3 The conditions in section 7.1 may be waived in whole or in part by the Purchaser without prejudice to any right of rescission or any other right in the event of the non-fulfillment of any other condition or conditions. A waiver will be binding only if it is in writing.

8. Vendors' Conditions of Closing

8.1 The obligations of the Vendors under this Agreement are subject to the following conditions for the exclusive benefit of the Vendors being fulfilled at the Time of Closing or waived by the Vendors at or before the Time of Closing:

(a) the Purchaser will have complied with all terms, covenants, and agreements in this Agreement agreed to be performed or caused to be performed by it on or before the Time of Closing; and

(b) no action or proceeding against the Purchaser will be pending or threatened by any person, company, firm, governmental authority, regulatory body, or agency to enjoin or prohibit the purchase and sale of the Assets or any of them as contemplated by this Agreement or the right of the Purchaser to directly and indirectly own the Assets.

8.2 If on the Closing Date any of the conditions in section 8.1 are not fulfilled or waived as contemplated in section 8.3, the Vendors may rescind this Agreement by notice in writing to the Purchaser. In such event, the Vendors and the Purchaser shall be released from all obligations under this Agreement.

8.3 The conditions in section 8.1 may be waived in whole or in part by the Vendors without prejudice to any right of rescission or any other right in the event of non-fulfillment of any other condition or conditions. A waiver will be binding only if it is in writing.

9. Closing

9.1 Closing Location

Unless otherwise agreed to by the parties in writing, the closing of the transactions contemplated by this Agreement (the "**Closing**") will take place at the offices of DLA Piper (Canada) LLP, 2700 – 1133 Melville Street, Vancouver, BC V6E 4E5 or by way of exchange of documents, at 12:00 noon Pacific Time on the Closing Date, or such earlier or later date as the parties may agree to in writing. All documents may be delivered electronically, other than payments, share certificates, powers of attorney, and other similar documentation, and, all documents deliverable at closing in accordance with this Agreement shall be tabled and held in escrow until all deliveries are completed, and until all parties have agreed to release the documents and terminate the escrow.

9.2 Vendors' Closing Documents

At the Closing, the Vendors as applicable will tender to the Purchaser:

(a) a Court certified copy of the Final Order and any other orders of the Court as are necessary or advisable to effect the transfer of the Assets in accordance with the terms and conditions of this Agreement;

(b) certified copies of the resolutions of the directors of the Vendors, as applicable, in form satisfactory to the Purchaser acting reasonably, authorizing the sale of the Assets, including the transfers of the Shares to the Purchaser;

(c) certified copies of resolutions of the directors of WAPITI and BULLMOOSE, as applicable, in form satisfactory to the Purchaser acting reasonably, authorizing the transfers of the Shares to and registration of the Shares in the name of the Purchaser and the issue of new share certificates representing the Shares in the name of the Purchaser;

(d) share certificates in the name of the Vendor representing the Shares duly endorsed for transfer and duly executed share certificates representing the Shares in the name of the Purchaser;

(e) certified copies of the central securities registers of WAPITI and of BULLMOOSE recording that the Purchaser is the holder of the Shares, as applicable;

(f) duly signed resignations of the directors and officers of WAPITI and BULLMOOSE specified by the Purchaser, or certified copies of shareholder resolutions of each of WAPITI and BULLMOOSE removing the directors and officers of WAPITI and BULLMOOSE specified by the Purchaser;

(g) a bill of sale conveying the Assets to the Purchaser, as applicable;

(h) transfers of the Bullmoose Project Mineral Titles and Coal Licences in the form required by the applicable governmental authority;

(i) If required by the Purchaser, transfers of the Wapiti Project Mineral Titles and Coal Licences in the form required by the applicable governmental authority;

(j) possession of all books, records, book accounts, and all other documents, files, records, and other data, financial or otherwise, used or held in or for WAPITI, the Wapiti Project, BULLMOOSE, and the Bullmoose Project, including all mineral and coal licences, geological and exploration data and intellectual property used or held in or for the Wapiti Project and the Bullmoose Project; and

(k) such other documents and assurances as may be reasonably required by the Purchaser to give full effect to the intent and meaning of this Agreement.

9.3 Purchaser's Closing Documents

At the Closing, the Deposit shall be paid to the Vendor, and the Purchaser will tender to the Vendors:

(a) a certificate authorizing the Vendors to set off and apply $1,450,000 of the DIP Loan against the Purchase Price payable under this Agreement, in form satisfactory to the Vendors acting reasonably; and

(b) a certified cheque or bank draft payable to the Vendors in the amount of $35,000.

10. General

10.1 Reliance

The Vendors and each of them acknowledge and agree that the Purchaser has entered into this Agreement relying on the representations, warranties, covenants, and agreements, and other terms and conditions of this Agreement.

10.2 Commissions, Legal Fees

Each of the parties will bear the fees and disbursements of the respective lawyers, accountants, and consultants engaged by them respectively in connection with this Agreement and will not cause or permit any such fees or disbursements to be charged to the Vendors or any of them before the Closing Date.

10.3 Notices

Any demand, notice, or other communication to be given in connection with this Agreement must be given in writing and will be given by personal delivery, (by registered mail) or by electronic means of communication addressed to the recipient as follows:

To the Vendors or any of them:

DLA Piper (Canada) LLP,2700 – 1133 Melville Street, Vancouver, BC V6E 4E5

Attention: Jeffrey Bradshaw jeffrey.bradshaw@dlapiper.com

To the Purchaser:

Fraser Litigation Group, 1100 – 570 Granville Street, Vancover, BC V6C 3P1

Attention: R. Barry Fraser BFraser@FraserLitigation.com

or to such other street address, individual or electronic communication number, or address as may be designated by notice given by either party to the other. Any demand, notice, or other communication given by personal delivery will be conclusively deemed to have been given on the day of actual delivery thereof and, (if given by registered mail, on the third business day following the deposit thereof in the mail and), if given by electronic communication, on the day of transmittal thereof if given during the normal business hours of the recipient and on the business day during which such normal business hours next occur if not given during such hours on any day. (If the party giving any demand, notice, or other communication knows or ought reasonably to know of any difficulties with the postal system that might affect the delivery of mail, any such demand, notice, or other communication may not be mailed but must be given by personal delivery or by electronic communication.)

10.4 Time of Essence

Time is of the essence of this Agreement.

10.5 Severability

If any provision of this Agreement is determined to be invalid or unenforceable in whole or in part, such invalidity or unenforceability will attach only to such provision or part thereof, and the remaining part of such provision and all other provisions hereof will continue in full force and effect.

10.6 Further Assurances

Each of the parties will execute and deliver such further documents and instruments and do such acts and things as may, before or after the Closing Date, be reasonably required by the other party to carry out the intent and meaning of this Agreement.

10.7 Proper Law

This Agreement will be construed and enforced in accordance with, and the rights of the parties shall be governed by, the law of British Columbia.

10.8 Entire Agreement

This Agreement contains the whole agreement between the Vendors and Purchaser pertaining to the subject matter hereof and supersedes all prior agreements, understandings, negotiations, and discussions between the parties and there are no representations, warranties, covenants, conditions, or other terms other than expressly contained in this Agreement.

10.9 Assignment

This Agreement may not be assigned by any party without the prior written consent of the other party, which consent may be arbitrarily withheld.

10.10 Benefit and Binding Nature of the Agreement

This Agreement enures to the benefit of and is binding upon the parties and their respective successors and permitted assigns.

10.11 Amendments and Waiver

No modification of or amendment to this Agreement will be valid or binding unless set forth in writing and duly executed by both of the parties and no waiver of any breach of any term or provision of this Agreement will be effective or binding unless made in writing and signed by the party purporting to give the same, and unless otherwise provided, will be limited to the specific breach waived.

10.12 Counterparts and Delivery

This Agreement may be executed in counterparts and such counterparts together shall constitute a single instrument. Delivery of an executed counterpart of this Agreement by electronic means, including by facsimile transmission or by electronic delivery in portable document format (".pdf"), whether containing signatures by hand of the signatory or computer or machine-generated signatures, shall be equally effective as delivery of a manually executed counterpart hereof, and will constitute delivery of an original document.

AS EVIDENCE OF THEIR AGREEMENT the parties have executed this Agreement as of the date and year first above written.

CANADIAN DEHUA INTERNATIONAL MINES GROUP INC.

Per: _____
Authorized Signatory

Per: _____
Authorized Signatory

CANADIAN BULLMOOSE MINES CO., LTD.

Per: _____
Authorized Signatory

Per: _____
Authorized Signatory

WAPITI COKING COAL MINES CORP.

Per: _____
Authorized Signatory

Per: _____
Authorized Signatory

_____
QU BO LIU