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 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 applicants: West Moberly First Nations

To: the Service List (attached hereto as **Schedule A**).

TAKE NOTICE that an application will be made by the applicant(s) to the presiding judge or associate judge at the courthouse at 800 Smithe Street, Vancouver, on January 13, 2025 at 10am for the order(s) set out in Part 1 below.

The applicant estimates that the application will take 1 day.

_ This matter is within the jurisdiction of the associate judge.

X This matter is not within the jurisdiction of an associate judge.

Part 1: ORDERS SOUGHT

1. An order substantially in the form attached as **Schedule B** granting the following relief:

   (a) that pWest Moberly First Nations ("**West Moberly**") be permitted to submit its $2.2 million offer to purchase certain assets of the petitioners (the "**Coal Assets**"), as defined in and pursuant to a purchase agreement with an effective date of January 7, 2025; and

   (b) approving the sale of the Coal Assets to West Moberly.

Part 2: FACTUAL BASIS

Overview

2. West Moberly is an Indian Band and community of Dunne-za, Cree, Saulteau, and Tse'khene ancestry located in northeastern British Columbia.

3. West Moberly has a long record of advocating for responsible stewardship of land and resources. It is committed to sustaining its way of life and culture, and preserving its rights under the lands it holds or exercises rights in relation to under Treaty 8 (the "**Lands**").

4. In recent years, West Moberly began exploring the acquisition of coal tenures on the Lands as a means of furthering its stewardship goals, with the broad object of conservation. West Moberly is not opposed to development on the Lands, provided it is congruent with West Moberly's commitment to stewardship of the Lands.

TMC acts as agent for West Moberly

5. West Moberly learned of these CCAA proceedings in September 2023.

6. West Moberly decided to explore the possibility of acquiring the Coal Assets and to do so without disclosing the fact that they were the buyer. West Moberly did not consider bidding through an agent who did not disclose the fact of the agency would raise any problems. Their experience was that bidding for resource assets was often done through agents who did not disclose their agency.

7. West Moberly did not want its role to be public because it would lead to speculation in the broader northern community about what West Moberly intended to do with the licenses.

8. West Moberly instructed a lawyer acting for it, Aref Amanat, to bid on the Coal Assets without disclosing the involvement of West Moberly. Two offers of purchase were made by TaneMahuta Capital Ltd. ("**TMC**"), a company owned by Aref Amanat. As described below, those offers were subsequently withdrawn and West Moberly decided to disclose its role and made an offer to purchase the Coal Assets.

The September 6 bids

9. TMC received access to a data room in this CCAA proceeding in September 2023.

10. On July 2, 2024, the Monitor contacted TMC to see if it was interested in making a bid, advising TMC that the CCAA proceedings might lapse with no further extension of the stay.

11. On July 3, 2024, TMC delivered a letter of intent to the Monitor to purchase the assets for $400,000, which contemplated a period of exclusivity and a period of due diligence. In discussions with counsel for TMC, counsel for the petitioner, Canadian Dehua International Mines Group Inc. ("**CDI**"), expressed concern about the exclusivity provision.

12. On July 19, 2024, the Monitor advised TMC that there may be an opportunity for it to act as a stalking horse bidder. In a revised letter of intent, TMC indicated that it was willing to do so.

13. Before any response was received to the revised letter of intent, CDI advised TMC that the debtor-in-possession lender, Qu Bo Liu ("**Mrs. Liu**" or the "**DIP Lender**"), intended to make a stalking horse bid which CDI would present to the court.

14. On August 19, 2024, the Monitor advised TMC that the DIP Lender intended to make a credit bid. CDI advised TMC that it was drafting a sale and investment solicitation process (a "**SISP**") to share with the Monitor for review and approval.

15. On August 28, 2024, the DIP Lender advised CDI that it intended to make a credit bid of $600K, but no such offer was made or provided to TMC at that time.

16. On August 30, 2024, the court ordered that "binding offers for the Wapiti and Bullmoose assets shall be submitted to the Monitor no later than 4 p.m. on September 6, 2024." The court also ordered that the binding offers "would be considered at a hearing on September 17, 2024".

17. Before September 6, 2024, there is no evidence that CDI had advised anyone as to the form of purchase agreement that would be acceptable to it.

18. On September 6, 2024, TMC made an offer to purchase the assets for $650,000 and delivered a cash deposit for $650,000 to the Monitor.

19. On September 6, 2024, the DIP Lender made an offer of $1,650,000, comprised of $200,000 in cash with the balance offset against the DIP loan.

20. TMC was advised of the terms of DIP Lender's bid on September 13, 2024.

Events leading to TMC's revised bid on October 15, 2024

21. Pursuant to the August 30, 2024 order, a hearing took place on September 17, 2024, to consider the purchase of the Coal Assets. The only application before the Court on that date was an application by CDI to extend the stay to permit two subsidiaries (Wapiti Coking Coal Mines Corp. and Canadian Bullmoose Mines Co., Ltd.) to be added as petitioners.

22. Both TMC and the DIP Lender sought to buy the assets of CDI and its subsidiaries. When the offers were considered on September 17, 2024, an issue arose in connection with the scope of a vesting order, given that the bidders had sought to acquire assets of CDI's subsidiaries, but neither of them were petitioners in the CCAA proceedings. A vesting order in respect of the subsidiaries would require them to be petitioners.

23. At the hearing on September 17, 2024, Mr. Bradshaw advised the Court that although CDI had only been looking to sell the shares of the subsidiaries, there could be claims by creditors against the assets of the subsidiaries. His advice to the court was that the parties "became live to this issue because the offers were for something larger than CDI's interest in those subsidiaries". As a result, CDI and the Monitor advised the Court that the order sought could not be granted at that time.

24. At the hearing on September 17, 2024, the Court stated that TMC's purchase agreement did not indicate it was prepared to purchase the assets of the subsidiaries on an "as is where is" basis. The Court stated that if TMC had a change of position it was for it to articulate and advance and that there was nothing before the court upon which the Court could conclude that the TMC offer "beats" the DIP Lender's offer.

25. On September 17, 2024 counsel for the Monitor advised TMC by email that:

> Justice Walker stated that he wasn't seeing anything that beat the DIP Lender's offer. But, if your client changes their position, then you can still bring that forward. Justice Walker said that, to ensure fairness and transparency, you should be added to the service list.

26. On October 8, 2024, the Monitor prepared a report for the Court. The Monitor reported that following the September 17, 2024 hearing, TMC indicated it would make a higher bid but required a form of purchase agreement acceptable to CDI. The Monitor advised that each bidder should receive a copy of a form of purchase agreement approved by CDI and there should be a deadline for final offers.

27. On October 9, 2024, the court ordered that the two subsidiaries of CDI be added as petitioners.

28. On October 10, 2024, CDI applied for approval of an offer to purchase the Coal Assets pursuant to a purchase agreement with the DIP Lender dated October 9, 2024. The price was the same as the DIP Lender's September 6, 2024 offer.

29. On October 15, 2024, TMC sought an order permitting it to put forward a revised offer to purchase the Coal Assets for a price of $2.0 million pursuant to a purchase agreement approved by CDI, and for an order approving that offer.

30. On October 16, the Monitor reported that, in its view, the Court has the authority to consider a higher bid. The Monitor also noted that the two largest creditors supported

consideration of the higher price in TMC's offer to purchase. The Monitor stated that if the court considered the TMC offer, the DIP Lender should be afforded an opportunity to match the purchase price as a matter of fairness.

31. There were hearings before this Court on October 17, 18, 21 and 22. At the conclusion of the October hearings, the court did not approve a sale of the Coal Assets. It directed a cross examination by CDI and the DIP Lender of Mr. Amanat on his affidavit if TMC intended to file and rely on it and ordered that the stay be extended.

32. At a judicial management conference on November 19, 2024, the Court ordered the cross examination of Mr. Amanat to be held by December 16, 2024, and that any applications relevant to the cross examination be heard on December 2, 2024.

33. Following the November 19, 2024 hearing, TMC filed a notice of intention to act in person. TMC advised the Monitor on November 26, 2024 that it was withdrawing its offer.

34. On December 2, 2024, the Court ordered the cross examination to take place on December 10, 2024. Mr. Amanat sought to retain counsel for that proceeding, but that counsel was not available on December 10, 2024. Mr. Amanat appeared as ordered, but without representation.

West Moberly offers to purchase the assets

35. On November 26, 2024, counsel for West Moberly advised the Monitor that TMC had been acting as its agent in making the prior bids, and that West Moberly was offering to purchase the assets for $2.2 million under a form of purchase agreement.

36. The affidavit of Chief Wilson explained the rationale for not disclosing West Moberly's role. He explained that the funding is from a Canadian source under an agreement that requires West Moberly to keep it confidential. He stated that West Moberly's broad objective of stewardship of the Lands and conservation involves a balance between parts of the Lands preserved for wildlife and other parts of the Lands where development may be acceptable to West Moberly.

37. On November 28, 2024, the DIP Lender filed an application seeking court approval of its October 9, 2024 offer.

38. The Monitor reported on December 1, 2024 and stated in para. 17 of that Report:

> Given that the DIP Lender's offer was not approved on September 17, 2024, the Company and the Monitor continued to engage with TaneCap subsequent to the September 17 hearing as the parties did not think the Court had foreclosed Tanecap's ability to bring a new offer forward.

39. The Monitor also commented on the offer from West Moberly for $2.2 million:

> The Monitor had a call with counsel for West Moberly to understand why it had chosen to work with TaneCap and why it had appeared to change its focus from Caribou preservation to protecting the coal licenses.
>
> With respect to the issue of Caribou protection, West Moberly was originally focused on Caribou protection, however like many governing Nations it now sees value in the coal resource and wants to leave it open to try and strike a balance between economic development and wildlife preservation.
>
> The Monitor was satisfied with West Moberly's response to its queries.

40. The Monitor commented on next steps in the sales process:

> The Monitor understands that counsel for the DIP Lender made a submission at the last hearing that the DIP Lender had additional resources to increase its purchase, although at the date of this report the Monitor has not received a revised offer from the DIP Lender.
>
> ...
>
> Given the history of submitting offers with revised purchase prices, it appears that neither of the DIP Lender or West Moberly have provided their best offer. The Monitor is therefore of the view that it would be appropriate to either have an auction between the DIP Lender and West Moberly or direct the DIP Lender and West Moberly to submit sealed bids prior to the hearing date of January 13 and 14, 2025.

41. At the hearing on December 2, 2024, the Court directed the Monitor to provide a further report by December 12, 2024. The Monitor's Twenty First Report, prepared in response to that direction:

(a) summarized the history of the SISP, the fall 2024 offers and hearings;

(b) reaffirmed the views the Monitor expressed in the Seventeenth Report, that the DIP Lender's offer from September was "fair and reasonable" but that it required the addition of the subsidiaries as parties; and

(c) 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."

42. No order or direction has been made by the court for an auction or sealed bids.

43. As matters stand, West Moberly's offer to purchase the assets dated November 25, 2024 is $550,000 more than the offer of the DIP Lender.

Part 3: LEGAL BASIS

44. The August 30, 2024 order provided for binding offers to be submitted by September 6, 2024. Although the DIP Lender has referred to it as a *final* offer order, the order does not expressly state the bids are to be final.

45. Neither of the offers made on September 6, 2024 were compliant with the August 30, 2024 order because both offers required vesting orders which the court was not capable of granting. Those vesting orders could not be granted without adding the subsidiaries as petitioners and making financial disclosure in respect of them. The new petitioners were added on October 9, 2024 and the DIP Lender submitted a new offer on that date (at the same price).

46. When the October 9, 2024 offer from the DIP Lender was submitted to the Monitor and to the court, no order was made approving that offer or directing a process to be followed prior to approval, which process the Monitor recommended in his 18th, 20th, and Supplement to the 20th reports.

47. When TMC made its offer on October 15, 2024, the August 30, 2024 order was spent. As a result, it cannot be said that either TMC's $2,000,000 or West Moberly's subsequent $2,200,000 offer impacted the integrity of the sale process.

48. Alternatively, if these offers were not compliant with the August 30, 2024 order, the court must still consider the balancing of the factors in *Royal Bank of Canada v Soundair Corp* (1991), 4 OR (3d) 1 (CA), the appropriate weighing of which militates strongly in favour of approving the higher bid.

49. In considering whether to approve a proposed sale transaction under a SISP, the Court is guided by the four factors from *Soundair*:

> 1. It [the court] should consider whether the receiver has made a sufficient effort to get the best price and has not acted improvidently;
>
> 2. It should consider the interests of all parties;

3. It should consider the efficacy and integrity of the process by which offers are obtained; and

4. It should consider whether there has been unfairness in the working out of the process.

50. In balancing these factors, integrity of the process is an important consideration, but secondary to the primary concern, which is protecting the interests of the creditors.

51. The following circumstances support consideration of the higher bid:

(a) The West Moberly offer is materially higher than the offer from the DIP Lender.

(b) On August 28, 2024, the DIP Lender stated it would make a $600,000 offer. TMC made a $650,000 offer on September 6, 2024 and the DIP Lender made its $1,650,000 offer on the same date.

(c) TMC made a $2,000,000 offer on October 15, 2024.

(d) On December 1, 2024, the Monitor opined that neither of the two bidders had apparently made their best bid and recommended a sealed bid process or an auction.

(e) While the court was not bound on August 30, 2024 to order sealed bids or an auction, it is apparent that an auction would have resulted in a much higher price.

(f) Refusing to consider a higher offer in these circumstances would not be fair, nor could it be seen to be fair by all of the parties, including the other creditors. Consideration of the higher bid would reflect the appropriate balancing of interests in this case.

52. Having regard to the *Soundair* factors, and the considerations above, it is apparent that:

(a) The existence of a materially higher bid reveals that some aspects of the sales process, particularly in the summer and fall of 2024 did not achieve the best price.

(b) The interests of all parties are best protected by accepting the higher bid, including the interests of the DIP Lender in her capacity as DIP Lender, as opposed to her capacity as an unsuccessful bidder.

(c) Given that none of the offers made on September 6 2024 were capable of acceptance due to the need for an expanded vesting order, consideration of a bid after that date does not undermine the integrity of the process.

(d) No unfairness arises on the facts, where both bid amounts have been known for months.

53. West Moberly relies upon the following additional authorities:

Bank of Montreal v Renuka Properties Inc, 2015 BCSC 2058
British Columbia v Baron Enterprises Ltd, 2000 BCCA 317
QRD (Willoughby) Holdings Inc v MCAP Financial Corporation, 2024 BCCA 318
Re Selkirk (1986), 58 C.B.R. (N.S.) 245 (Ont. Bkcy.)
Re Beauty Counsellors of Canada Ltd. (1986), 58 C.B.R. (N.S.) 237 (Ont. Bkcy.)

54. West Moberly bid through an agent without disclosing its interest as principal. The fact of the agency was not material to the sales process and there is no authority to the contrary. The evidence is that West Moberly had good reasons for not disclosing the agency and it and its counsel had no intent to conceal anything material from the court. Even if the court were to determine that the agency ought to have been disclosed, this will be a matter of first impression.

55. Further, the conduct alleged in the DIP Lender's application for special costs does not bear on whether a superior bid should be considered. If there was any conduct by West Moberly or its counsel that reached the level of reprehensible conduct, which West Moberly says is an allegation that is devoid of merit, this is a matter for special costs, not a matter bearing on the sales process and the consideration of a higher bid. Special costs, if awarded, will have to be paid regardless of which bid is approved by the court.

56. The Monitor expressed no interest in who TMC was, its source of funds or its intentions for the assets. The Monitor rightly expressed no interest in these issues, focusing on establishing a process to obtain the best offer. The DIP Lender only raised these issues after a higher bid was made by TMC. In contrast to the focus of the Monitor, the DIP Lender, at substantial expense and delay to the process, raised speculations (that were false) or otherwise not relevant to the sale approval to persuade the court to approve a materially lower offer.

Part 4: MATERIAL TO BE RELIED ON

1. Affidavit #1 of Roland Willson, made January 7, 2025.

2. Affidavit #1 of Nadia Walnicki, made January 7, 2025.

3. 16th Report of the Monitor

4. 17th Report of the Monitor.

5. 18th Report of the Monitor.

6. 19th Report of the Monitor.

7. 20th Report of the Monitor.

8. Supplement to the 20th Report of the Monitor.

TO THE PERSONS RECEIVING THIS NOTICE OF APPLICATION: If you wish to respond to the 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 9-7(9).

Date: January 7, 2025

Signature of counsel for applicant
Stephen R. Schachter, K.C. / Julia K. Lockhart

THIS NOTICE OF APPLICATION is prepared by Stephen R. Schachter, K.C., of the firm of Nathanson, Schachter & Thompson LLP, Barristers and Solicitors, whose place of business and address for service is Suite 750 – 900 Howe Street, Vancouver, B.C. V6Z 2M4, telephone (604) 662-8840 and whose email address for service is sschachter@nst.ca

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:

_____

_____

_____

Dated: _____ _____

Signature of

☐ Judge ☐ Master

APPENDIX

THIS APPLICATION INVOLVES THE FOLLOWING:

__ discovery: comply with demand for documents

__ discovery: production of additional documents

__ extend oral discovery

__ other matter concerning oral discovery

__ amend pleadings

__ add/change parties

__ summary judgment

__ summary trial

__ service

__ mediation

__ adjournments

__ proceedings at trial

__ case plan orders: amend

__ case plan orders: other

__ experts

X none of the above

Schedule A

No. S-224444
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PETITIONERS

SERVICE LIST

(Last Updated: November 19, 2024)

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Department of Justice Canada British Columbia Regional Office 900 – 840 Howe Street Vancouver, BC V6Z 2S9 **Attention: Aminollah Sabzevari** **Julio Paoletti** Email: Aminollah.Sabzevari@justice.gc.ca Julio.Paoletti@justice.gc.ca Khanh.Gonzalez@justice.gc.ca Telephone: 587.930.5282 *Counsel for His Majesty the King in Right of Canada*	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.*
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Schedule "B"

No. S-224444
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PETITIONERS

ORDER MADE AFTER APPLICATION
(APPROVAL AND VESTING ORDER)

BEFORE	THE HONOURABLE JUSTICE WALKER	

ON THE APPLICATION of the Applicant, West Moberly First Nations, coming on for hearing at 800 Smithe Street, Vancouver, B.C. on January 13-14, 2025 and on hearing the submissions of counsel for the Applicant, counsel for the Petitioners, and any other interested parties; 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:The time for service of the Notice of Application for this Order and the supporting materials is hereby abridged so that this application is properly returnable today and further service thereof is hereby dispensed with.

2. The Applicant is hereby permitted to submit its revised bid in the Sales and Investment Solicitation Process undertaken in the within proceedings.

3. The sale transaction (the "**Transaction**") contemplated by the Purchase Agreement dated as of January 7, 2025 (the "**Sale Agreement**"), and attached to this order as Schedule "A", between Canadian Dehua International Mines Group Inc., Wapiti Coking Coal Mines Corp, and Canadian Bullmoose Mines Co., Ltd. (collectively, the "**Debtors**") and the Applicant (as purchaser) 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 Applicant of the assets described in the Sales Agreement (the "**Purchased Assets**").

4. Upon delivery by the Monitor to the Applicant of a certificate substantially in the form attached as Schedule "B" hereto (the "**Monitor's Certificate**"), the Debtors shall transfer the Purchased Assets to the Applicant and 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 interests (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.

5. 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 it 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.

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

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

8. 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 Debtors,

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.

9. The Applicant, 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 Applicant 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 counsel for the Applicant
Stephen R. Schachter, K.C./Julia K. Lockhart

By the Court

_____

Registrar

Schedule "A"

PURCHASE AGREEMENT

THIS PURCHASE AGREEMENT is made effective as of January 7, 2025

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**");

WAPITI COKING COAL MINES CORP., a company incorporated pursuant to the laws of British Columbia with incorporation number BC1028948 ("**Wapiti Sub**"); and

CANADIAN BULLMOOSE MINES CO., LTD., a company incorporated pursuant to the laws of British Columbia with incorporation number BC0907740 ("**Bullmoose Sub**")

(together, the "**Vendors**")

AND:

WEST MOBERLY FIRST NATIONS, an Indian Band pursuant to the *Indian Act* and having an address at PO Box 90, Moberly Lake, BC, V0C 1X0 (the "**Purchaser**")

BACKGROUND

A. The Vendors carry on business of investing in, exploring, developing, and operating underground coal mining projects and supporting infrastructure in British Columbia and elsewhere, including two 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 referred to collectively as the "**Projects**").

B. The Wapiti Project is operated by the Wapiti Sub. CDI is the legal and beneficial owner of all the issued and outstanding shares in the capital of the Wapiti Sub, being 1,000,000 Voting Common Shares without par value (the "**Wapiti Shares**"), and the Wapiti Sub is the owner of the Wapiti Project, including all permits, mineral interests and coal licenses, geological and exploration data, consultant reports, geological and exploration samples, construction in progress and intellectual property, if any, within the Vendors' estates or control to convey, used or held directly or indirectly by CDI and the Wapiti Sub or either of them in the Wapiti Project (collectively, the "**Wapiti Assets**");

C. CDI is the legal and beneficial owner of the Bullmoose Project, including the Bullmoose Coal Licenses (as defined herein), and all of the issued and outstanding shares in the capital of the Bullmoose Sub, being 8,242,024 Class A Common Voting Shares without par value (the "**Bullmoose Shares**"). Together, CDI and the Bullmoose Sub are the owners of the Bullmoose Project, including all permits, mineral interests and coal licenses, geological and exploration data, consultant reports, geological and exploration samples, construction in progress and intellectual property, if any, within the Vendors' estates or control to convey, used or held directly or indirectly by CDI or the Bullmoose Sub or either of them in the Bullmoose Project (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. The Purchaser is a community of Dunne-za, Saulteau, Cree, and Tse'khene peoples located in Treaty No. 8 territory in northeastern British Columbia (where the Projects are located), and has a long history of land stewardship, including the conservation, protection, and recovery of Caribou and Caribou habitat in and around their territory.

F. 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, 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;

(c) "**Bullmoose Coal Licenses**" includes the following:

(i) Coal Licenses #417760, #417761, #417762, #417767, #417770, #417771, #417772, #417775, #417776; and

(ii) Any other mineral titles or coal licenses of Vendors related to the Bullmoose Project, if any, within the Vendors' estates or within the Vendors' control to convey;

(d) "**Closing Date**" means January 16, 2025 or such other date as may be mutually agreed upon in writing by the parties;

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

(f) **"Wapiti Coal Licenses"** includes the following:

(i) Coal Licenses #418161, #418162, #418163, #418166, #418168; and

(ii) Any other coal licenses of Vendors related to the Wapiti Project, if any, within the Vendors' estates or within the Vendors' control to convey;

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 $2,200,000 (the "**Purchase Price**").

2.2 The Purchase Price will be paid and satisfied by release of the full deposit of $650,000 being held by counsel for the Monitor for the benefit of CDI, as well as the remaining consideration of $1,550,000 (the "**Remaining Consideration**") to be provided to Monitor by check 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) specifying that upon the completion of the transactions contemplated by this Agreement, all right, title, and interest in and to the Assets shall vest absolutely in the Purchaser, the Wapiti Sub and the Bullmoose Sub 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 HBIS Group International Holding Co. Limited (formerly Hebei Iron & Steel Group Co., Ltd.).

4. Deposit

4.1 On September 6, 2024, the Purchaser paid a deposit in the amount of $650,000 to counsel for the Monitor, in accordance with the direction of Justice Walker of the Supreme Court of British Columbia (the "**Deposit**").

4.2 At the Closing, the Deposit shall be paid to CDI on account of the Purchase Price as provided in this Agreement along with the Remaining Consideration.

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 in the performance or satisfaction of its 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. Vendors' 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, or the Vendors or the completeness of any information provided in connection therewith, except as expressly stated herein.

6. Vendors' Covenants

6.1 At or before the Time of Closing, the Vendors will deliver to the Purchaser possession of all Assets held by the Vendors.

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 any of the Vendors 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, the Wapiti Sub or the Bullmoose Sub, 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 Deposit returned to Purchaser, 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 has 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 applicable Vendors 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 applicable Vendors, in form satisfactory to the Purchaser acting reasonably, authorizing the sale of the Assets to the Purchaser, including the transfers of the Shares to the Purchaser;

(c) certified copies of resolutions of the directors of the Wapiti Sub and Bullmoose Sub, as applicable, in form satisfactory to the Purchaser acting reasonably, authorizing the transfer of the Shares to and the 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 applicable Vendors 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 the Wapiti Sub and Bullmoose Sub recording that the Purchaser is the holder of the Shares, as applicable;

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

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

(h) transfers of the Bullmoose Coal Licenses in the form required by the applicable governmental authority;

(i) possession of any books, records, book accounts, and all other documents, consultant reports, files, records, and other data, financial or otherwise, used or held in or for Wapiti Sub, the Wapiti Project, the Bullmoose Sub, and the Bullmoose Project, including all mineral and coal licenses, geological and exploration data and intellectual property, used or held in or for the Wapiti Project and the Bullmoose Project, to the extent that any such assets listed in this subparagraph (j) are in the Vendors' possession or control; and

(j) 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 Vendors, and the Purchaser will tender to the Vendors a certified cheque or bank draft payable to the Vendors in the amount of Remaining Consideration.

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:

Sage Legal LLP, 2312 McNeill Avenue, Victoria, BC

Attention: Joshua Lam, josh@sagelegal.ca

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

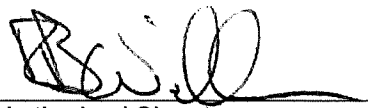
WAPITI COKING COAL MINES CORP.

Per: _____
Authorized Signatory

CANADIAN BULLMOOSE MINES CO., LTD.

Per: _____
Authorized Signatory

WEST MOBERLY FIRST NATIONS

Per: 
Authorized Signatory
Chief Roland Willson

SCHEDULE B
Monitor's Certificate

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 OF COMPROMISE AND ARRANGEMENT OF CANADIAN DEHUA INTERNATIONAL MINES GROUP INC., WAPITI COKING COAL MINES CORP. AND CANADIAN BULLMOOSE MINES CO., LTD.

PETITIONERS

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, 2022, Canadian Dehua International Mines Group Inc. ("**CDI**") was granted protection from its creditors pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-46, 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 January 14, 2025 (the "**Order**"), the Court approved the sale transaction contemplated by the Purchase Agreement dated as of January 7, 2025 between the Petitioners and West Moberly First Nations (the "Purchaser" and the "Sale Agreement") and 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:

11. The Monitor has received written confirmation from the Purchaser and the Petitioners, 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.

12. This Monitor's Certificate was delivered by the Monitor at _____ on _____.

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

_____

Name:
Title:

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 OF COMPROMISE AND ARRANGEMENT OF CANADIAN DEHUA INTERNATIONAL MINES GROUP INC.

PETITIONER

ORDER MADE AFTER APPLICATION

Stephen R. Schachter, K.C.
NATHANSON SCHACHTER & THOMPSON LLP
Barristers & Solicitors
750 – 900 Howe Street,
Vancouver, B.C. V6Z 2M4
Telephone: (604) 662-8840