



NO. S-224444
VANCOUVER REGISTRY

IN THE SUPREME COURT OF BRITISH COLUMBIA

**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
R.S.C. 1985, c. C-36, AS AMENDED**

AND

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

TWENTY SIXTH REPORT OF THE MONITOR

April 10, 2025

INTRODUCTION AND PURPOSE

1. This report (“**Twenty Sixth Report**”) has been prepared by FTI Consulting Canada Inc. in its capacity as the court-appointed Monitor (the “**Monitor**”) of Canadian Dehua International Mines Group Inc. (“**CDI**” or the “**Company**”) by an order of the Supreme Court of British Columbia (the “**Court**”) pronounced June 3, 2022 (the “**Initial Order**”), pursuant to the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c.36, as amended (the “**CCAA**”).
2. As detailed in the First Report:
 - (a) CDI was incorporated in British Columbia on December 29, 2004;
 - (b) The Company is owned 50% by Mr. Naishun Liu (“**Mr. Liu**”) and 50% by his spouse, Mrs. Qubo Liu (“**Mrs. Liu**”);
 - (c) Mr. Liu is the sole director and officer of the Company;
 - (d) The Company owned 100% of the shares of two mining projects, namely Wapiti Coking Coal Mines Corporation (“**Wapiti**”) and Canadian Bullmoose Mines (“**CBM**”) and still owns a drilling company known as Canada Dehua Drilling Ltd. (“**CDD**”);
 - (e) CDI has a partial ownership interest in the following companies:
 - i. Canadian Kailuan Dehua Mines Co., Ltd. (“**CKD**”);
 - ii. Canadian Dehua Lvliang Corp. (“**CDLV**”) which holds a 40% interest in HD Mining International Ltd. (“**HD Mining**”);
 - iii. Vancouver Island Iron Ore Corporation (“**VIIO**”); and
 - iv. An interest in a mining project referred to as Iron Ross.

3. On April 6, 2022, China Shougang International Trade & Engineering Corporation (“**Shougang International**”) filed a petition for a bankruptcy order against CDI (the “**Bankruptcy Application**”).
4. In response to the Bankruptcy Application, on June 3, 2022, CDI sought and obtained a stay of proceedings pursuant to the provisions of the CCAA.
5. On June 9, 2022, CDI was granted an Amended and Restated Initial Order (the “**ARIO**”) which included an extension of its stay of proceedings to August 19, 2022, as well as approving a Debtor-in-possession loan facility (the “**DIP Loan**”) in an amount not to exceed \$350,000 from Mrs. Liu (the “**DIP Lender**”).
6. The ARIO also granted a charge for the DIP Loan (the “**DIP Lender’s Charge**”) against the assets of the Company subordinate only to the Administration Charge.
7. On June 28, 2022, the Company sought and obtained the approval of a claims process (the “**Claims Process**”) which set a claims bar date of August 15, 2022.
8. On August 18, 2022, the Company sought and obtained an order approving a sales and investment solicitation process for Wapiti.
9. In addition, on August 18, 2022, the Company was granted a Second Amended and Restated Initial Order which included an extension of its stay of proceedings to December 1, 2022, in addition to increasing the approved amount of the DIP Loan and DIP Lender’s Charge to \$820,000.
10. On November 30, 2022, the Company was granted a Third Amended and Restated Initial Order which included an extension of its stay of proceedings to March 17, 2023, in addition to increasing the approved amount of the DIP Loan and DIP Lender’s Charge to \$1,090,000.
11. On November 30, 2022, the Company was also granted a modified sales and investment solicitation process to include the Company’s shares of CBM and HD Mining.

12. On March 9, 2023, the Company was granted a Fourth Amended and Restated Initial Order which included an extension of its stay of proceedings to June 23, 2023.
13. On June 15, 2023, the Company was granted a Fifth Amended and Restated Initial Order which included an extension of its stay of proceedings to September 15, 2023, in addition to increasing the amount of the approved DIP Loan and DIP Lender's Charge to \$1,390,000.
14. On September 11, 2023, the Company was granted a Sixth Amended and Restated Initial Order which included an extension of its stay of proceedings to November 17, 2023.
15. On November 14, 2023, the Company sought and was granted an extension of its stay of proceedings to December 8, 2023.
16. On December 5, 2023, the Company sought and was granted an extension of its stay of proceedings to January 19, 2024.
17. On January 17, 2024, the Company sought and was granted an extension of its stay of proceedings to March 19, 2024, in addition to an increase in the amount of the approved DIP Loan and DIP Lender's Charge to \$1,680,000.
18. On March 15, 2024, the Company sought and was granted an extension of its stay of proceedings to April 26, 2024.
19. On April 24, 2024, the Company sought and was granted an extension of its stay of proceedings to May 10, 2024.
20. On May 8, 2024, the Company sought and was granted an extension of its stay of proceedings to June 14, 2024.
21. On June 10, 2024, the Company sought and was granted an extension of its stay of proceedings to July 5, 2024.

22. On July 4, 2024, the Company sought and was granted an extension of its stay of proceedings to August 9, 2024.
23. On August 9, 2024, the Company sought and was granted an extension of its stay of proceedings to August 30, 2024.
24. On August 30, 2024, the Company sought and was granted an extension of its stay of proceedings to September 20, 2024. In addition, the Court directed parties to submit binding offers for the Wapiti and Bullmoose assets to the Monitor no later than 4:00 p.m. on September 6, 2024.
25. On September 17, 2024, the Company sought and was granted an extension of its stay of proceedings to October 25, 2024.
26. On October 9, 2024, the Company sought and was granted a Seventh Amended and Restated Initial Order adding Wapiti and CBM as petitioners in these proceedings (collectively with CDI, the “**Petitioners**”).
27. On October 10, 2024, the Petitioners filed an application seeking approval of an asset purchase agreement from the DIP Lender for the shares of Wapiti and CBM owned by CDI in addition to the assets of Wapiti and CBM (the “**Assets**”) for a purchase price of \$1,650,000 (the “**DIP Lender APA**”).
28. On October 15, 2024, TaneMahuta Capital Ltd. filed an application, acting as an agent for West Moberly First Nation (“**West Moberly**”) for the Assets for a purchase price of \$2,000,000 (the “**West Moberly APA**”).
29. On October 22, 2024, the Company sought and was granted an extension of its stay of proceedings to November 30, 2024.
30. On November 19, 2024, the Company sought and was granted an extension of its stay of proceedings to February 21, 2025.

31. On January 28, 2025, the Monitor sought and obtained an order approving its activities to date as well as its fees and expenses and those of the Monitor's counsel from the date of commencement of these proceedings to December 31, 2024.
32. On February 3, 2025, the Company sought and obtained an order approving the sale of the Assets to West Moberly as well as granting a vesting order with respect to the Assets.
33. On February 18, 2025, the Company sought and was granted an order extending its stay of proceedings to April 30, 2025. In addition, the Court directed the Company to schedule a two-day hearing prior to the expiration of the stay to address these CCAA proceedings generally and the outstanding Bankruptcy Application. The Court further ordered that if the Company wished to seek any further relief that its materials be filed and served 8 clear business days in advance of the hearing.
34. The purpose of the Twenty Sixth Report of the Monitor is to provide this Honourable Court with an update on the status of the Company's restructuring efforts since the date of the Twenty Fifth Report.
35. The reports of the Monitor and other information in respect of these proceedings are posted on the Monitor's website at <http://cfcanada.fticonsulting.com/canadiandehuainternational>

TERMS OF REFERENCE

36. In preparing this report, the Monitor has relied upon unaudited financial information, other information available to the Monitor and, where appropriate, the Company's books and records and discussions with various parties (collectively, the "**Information**").
37. The Monitor has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would comply with Generally Accepted Assurance Standards pursuant to the Chartered Professional Accountants of Canada Handbook.
38. The Monitor has not examined or reviewed financial forecasts and projections referred to in this report in a manner that would comply with the procedures described in the Chartered Professional Accountants of Canada Handbook.
39. Future oriented financial information reported or relied on in preparing this report is based on assumptions regarding future events; actual results may vary from forecast and such variations may be material.
40. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian Dollars.

STATUS OF PROCEEDINGS

41. Subsequent to the last hearing, on March 28, 2025 the Company closed the sale of its Wapiti and CBM assets to West Moberly.
42. As a result, the sale proceeds were released to the Company's counsel who are currently in the process of paying out the balance due to the DIP Lender and the outstanding fees and expenses of the Monitor and its counsel as well as the outstanding fees and expenses of the Company's counsel.

43. The Monitor has requested an accounting from the Company's counsel once the payments have been made so that the Monitor can provide an update to this Honourable Court.
44. The Monitor was served with notice that the Company has scheduled a hearing for April 22 and 23, 2025.
45. On April 8, 2025, the Company filed and served a notice of application indicating that it would be seeking the following relief at the hearing:
- (a) Approval of a sale and investment solicitation process (the "**SISP**") for the remaining property, assets and undertakings of the Company, (excluding its shares in CKD) to be conducted by the Monitor with the assistance of the Company;
 - (b) Approval of a stalking horse asset purchase agreement ("**SH APA**") as between the Company and Mrs. Liu in connection with the SISP; and
 - (c) An extension of the Company's current stay of proceedings to August 31, 2025.
46. However, the Monitor notes that the materials filed and served by the Company did not include the SISP or a SH APA.
47. The Monitor was contacted by the Company's counsel and advised that the SH APA was currently being drafted by Mrs. Liu's counsel and was unlikely to be agreed as between Mrs. Liu and the Company within the timeline directed by the Court for serving materials.
48. Given that the SISP and the SH APA are the substantive documents supporting the Company's application, the Monitor is unable to support the relief being sought by the Company at this time.

49. The Monitor believes that the SISP with a SH APA may be beneficial to these proceedings as it would set a floor price and bring certainty to the disposition of the Company's remaining assets. However, without knowing the proposed purchase price or the structure of the SISP, the Monitor and the unsecured creditors are not able to comment meaningfully on the relief being sought by the Company.
50. The Monitor has concerns as to why the Company and Mrs. Liu were not able to negotiate a SISP and SH APA within the current stay extension.
51. The Monitor has also raised with the Company the need for further funding in the event the SISP is granted and would expect to see this addressed in the Company's materials.
52. However, as indicated above the Monitor does believe that the SISP and SH APA may have a benefit to these proceedings. Provided that a draft of the SISP and SH APA is provided to the Company prior to April 22, 2025 and the Company has some plan for how these proceedings would be funded during a SISP, the Monitor would propose a short extension of 2 weeks be considered so that a revised hearing date can be set to hear the Company's application for the relief being sought.
53. The Monitor would further suggest that it be a term of such an extension that the SISP and SH APA be fully negotiated such that it can be filed and served in final form within 8 clear days of the reset hearing date.
54. The Monitor is not aware of any reason why the SISP and SH APA cannot be finalized within that time period, barring which the Monitor would not likely support any further extension of the stay of proceedings.

55. Assuming that the Company is able to secure a draft of the SISP and SH APA from Mrs. Liu and to provide a plan for how these proceedings would be funded during a SISP, the Monitor is of the opinion that the Company is acting in good faith and with due diligence such that the Monitor would recommend an extension of the stay of proceedings herein.

All of which is respectfully submitted this 10th day of April, 2025.

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



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