

This is the 5<sup>th</sup> affidavit  
of Naishun Liu in this case  
and was made on April 8, 2025

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

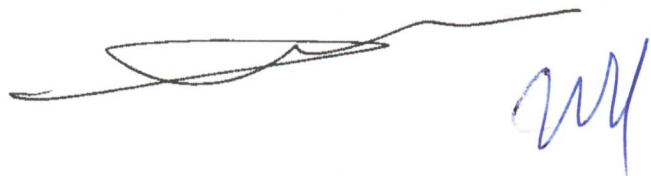
**AFFIDAVIT**

I, Naishun Liu of Suite 202 - 2232 West 41<sup>st</sup> Avenue, Vancouver, businessman, AFFIRM  
THAT:

1. I am a director of Canadian Dehua International Mines Group Inc. ("CDI"), and as such have personal knowledge of the facts and matters hereinafter deposed to save and except where the same are stated to be made upon information and belief and where so stated, I verily believe them to be true.
2. I am authorized to make this Affidavit on behalf of the Petitioner.

**BACKGROUND**

3. CDI is a company incorporated in 2004 pursuant to the laws of British Columbia in order to develop underground core mining properties, and consequently invests in, and operates, mining assets in British Columbia and elsewhere.
4. CDI primarily cooperated on mining projects with major Chinese mining companies and steel factories as partners. However, for various reasons, a number of the projects did



not proceed as planned. This has resulted in significant debt and limited revenue while CDI finds new buyers and develops new mining projects.

5. Until the closing of the West Moberly Transaction (as hereinafter defined), CDI wholly owned two mining projects:
  - (a) the Wapiti River coal project (the "**Wapiti Project**"), where CDI is the sole shareholder of the company that owns and operates the project, Wapiti Coking Coal Mines Corporation ("**WCCMC**"). The Wapiti Project is a large-scale underground mine at the senior exploration stage located near Tumbler Ridge, British Columbia; and
  - (b) the Bullmoose coalfield exploration project (the "**Bullmoose Project**") located near Tumbler Ridge, British Columbia.
6. CDI's remaining assets include, among other things, a 51% interest in Canadian Dehua Lvliang International Mining Inc., which owns of 40% interest in HD Mining International Limited ("**HDL**"). HDL owns the Murray River project which involves the construction, operation and decommissioning of an underground coal mine and supporting infrastructure located near Tumbler Ridge, British Columbia (the "**Murray River Project**"). As a result, CDI has a 20.4% indirect interest in the Murray River Project.

#### **THE INTERIM LENDER**

7. On June 9, 2022, CDI sought and obtained an Order approving an debtor-in-possession credit facility from Qu Bo Liu, a shareholder of CDI (in such capacity, the "**Interim Lender**") in the maximum amount of \$350,000 (the "**Interim Financing Facility**"). Since the commencement of the proceedings, the Interim Financing Facility and the Interim Lender's Charge have been increased on a number of occasions.
8. The current maximum amount approved by the Court in respect of the Interim Financing Facility is \$1,680,000.
9. As of March 31, 2025, CDI was indebted to the Interim Lender in the amount of \$1,499,331.16 under the Interim Financing Facility.



10. In accordance with the Sixth ARIO, the Interim Lender was granted a super-priority charge (the "Interim Lender's Charge") over all of the current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof of CDI, including, among other things, the Wapiti Project and the Bullmoose Project.

#### **SALE OF THE WAPITI AND BULLMOOSE PROJECTS**

11. On August 18, 2022, the Petitioner sought and obtained approval for a sales process in respect of the Wapiti Project. On November 30, 2022, the Petitioner sought and obtained approval for an amended sales process which, in addition to the Wapiti Project, would also solicit offers for the Bullmoose Project and the Murray River Project (the "**Modified SISP**").
12. The Modified SISP contemplated that non-binding letters of interest were to be received by March 10, 2023, with the negotiation of a definitive agreement(s) to follow. Despite the existence of potential purchasers for the Wapiti Project and the Murray River Project, the potential purchasers and CDI were unable to reach definitive binding agreements that would enable the transactions to be completed.
12. On August 30, 2024, after CDI received interest in the Wapiti Project and the Bullmoose Project, this Honourable Court set a deadline of September 6, 2024, for the submission of binding offers for the assets.
13. On September 6, 2024, CDI received two offers both of which required that WCCMC and Canadian Bullmoose Mines Co., Ltd. ("**Bullmoose**") be added to these proceedings as Petitioners. On October 9, 2024, Bullmoose and WCCMC were added as Petitioners.
14. Pursuant to an Order dated February 3, 2025 (the "**Sale Approval Order**"), this Honourable Court approved the sale of the Wapiti Project and the Bullmoose Project to West Moberly First Nations (the "**West Moberly Transaction**"). The West Moberly Transaction closed on March 25, 2025 and, as a result, WCCMC and Bullmoose are no longer owned by CDI and were removed as Petitioners in these proceedings.
15. The net sale proceeds from the West Moberly Transaction were distributed in accordance with the Sale Approval Order and, as a result, the amount owing to the



Interim Lender under the Interim Financing Facility, namely, \$1,499,331.16, has been repaid in full. The amount of \$350,000 owing under the Administration Charge, together with the amounts owing to the Monitor, its counsel and counsel to the Petitioner in excess of the Administration Charge are in the process of being paid. The balance of the net sale proceeds will be held by the Petitioner's counsel, in trust.

#### **PROPOSED STALKING HORSE SALES AND INVESTMENT SOLICITATION PROCESS**

16. A sale and investment solicitation process ("SISP") will be conducted to solicit interest in the sale of CDI's indirect 20.4% interest in the Murray River Project and any other remaining assets of CDI (excluding the interest of CDI in Canadian Kailuan Dehua Mines Co., Ltd. ("CKD")).
17. CDI and Qu Bo Liu, a 50% shareholder of CDI (the "Stalking Horse Bidder") are currently negotiating an agreement of purchase and sale (the "Stalking Horse Agreement") which will set the floor price for offers under the SISP.
18. The SISP will be conducted over a 90 day period and interested parties will submit their offers to the Monitor for evaluation. The SISP would begin as soon as possible following this application and be completed by August 31, 2025.
19. The Stalking Horse Agreement will provide a baseline purchase price for the proposed SISP which will serve to create competitive tension with any potential bidders, thereby maximizing the value to be obtained for CDI's remaining assets.

#### **CKD INDEMNITY CLAIM**

20. CDI's other principal remaining asset is its 24% interest in CKD. There are two other shareholders in CKD, namely, Shougang International Canada Investment Ltd., an affiliate of Shougang International (25%) and Canada Zhonghe Investment Ltd. (51%).
21. After the formation of the CKD joint venture, CDI agreed to indemnify CKD for any losses it might suffer as a result of CDI's transfer, on a tax rollover basis, of a mine site in northeastern British Columbia known as the Gething Coal Project to a joint venture (the "CKD Indemnity Claim"). CKD registered a security interest over CDI's shares in CKD in support of the CKD Indemnity Claim. CDI does not recognize the security interest.




22. CKD was excluded from filing a proof of claim pursuant to the Claims Process Order, however, the determination of the validity and quantum of the CKD Indemnity Claim will provide valuable information to CDI and the Monitor on the next steps in these proceedings in respect of the CKD joint venture. Discussions are ongoing with CKD's counsel to set a date before the end of June for an application to determine the validity and quantum of the CKD Indemnity Claim.
23. I believe that the sale of the remaining assets and the determination of the CKD Indemnity Claim will be more beneficial to CDI's creditors than a bankruptcy.

SWORN BEFORE ME remotely over video )  
teleconference on April 7, 2025. The person )  
making the Declaration was located in the )  
City of Lvlang and the Commissioner was )  
located in the City of Vancouver, in the )  
Province of British Columbia. )



NAISHUN LIU

  
A Commissioner for taking Affidavits for  
British Columbia

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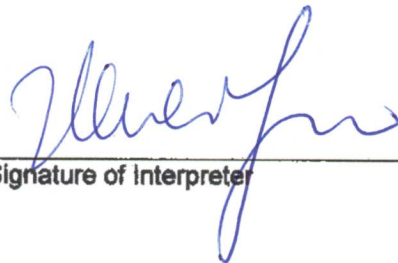


**ENDORSEMENT OF INTERPRETER**

I, Weiguo (William) He, of DLA Piper (Canada) LLP, Suite 2700 1133 Melville Street, Vancouver, BC V6E 4E5, lawyer, certify that:

1. I have a knowledge of the English and Mandarin languages and I am competent to interpret from one to the other.
2. I am advised by the person swearing or affirming the Affidavit and believe that the person swearing or affirming the Affidavit understands the Mandarin language.
3. Before the Affidavit on which this endorsement appears was made by the person swearing or affirming the Affidavit I correctly interpreted it for the person swearing or affirming the Affidavit from the English language into the Mandarin language and the person swearing or affirming the Affidavit appeared to fully understand the contents.

April 7, 2025  
Dated

  
Signature of Interpreter

No. S-224444

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**AFFIDAVIT**

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CDB/day