

This is the 1<sup>st</sup> affidavit  
of C. Denton in this proceeding  
and was made on 16/APR/2025



District of British Columbia  
Division No. 03-Vancouver  
Vancouver Registry  
Court No. B-220142  
Estate No. 11-254383

**IN THE SUPREME COURT OF BRITISH COLUMBIA  
IN BANKRUPTCY AND INSOLVENCY**

**IN THE MATTER OF THE BANKRUPTCY OF  
CANADIAN DEHUA INTERNATIONAL MINES GROUP INC.**

**AFFIDAVIT**

I, **CHELSEA DENTON**, of 20<sup>th</sup> Floor, 250 Howe Street, Vancouver, British Columbia,  
Legal Assistant, **SWEAR THAT:**

1. I am employed by the law firm of Dentons Canada LLP, solicitors for China Shougang International Trade & Engineering Corporation ("**Shougang**"), the applicant in this proceeding, and as such I have personal knowledge of the facts and matters deposed to herein except where stated to be based upon information and belief, and where so stated I verily believe the same to be true.
2. On June 3, 2022, the Honourable Mr. Justice Walker granted an order (the "**Initial Order**") in respect of Canadian Dehua International Mines Group Inc. ("**CDI**") under the *Companies Creditors Arrangement Act*, R.S.C. 1985 c. C-36 as amended (the "**CCAA**"), In the Matter of a Plan of Compromise and Arrangement of Canadian Dehua International Mines Group Inc., Vancouver Registry, Action No. S-224444 (the "**CCAA Proceeding**"). Attached hereto and marked as **Exhibit "A"** is a true copy of the Initial Order.
3. Attached hereto and marked as **Exhibit "B"** is a true copy of the body of Affidavit #1 of Naishun Liu, made on May 31, 2022, and filed in the CCAA Proceeding on June 1, 2022.
4. Attached hereto and marked as **Exhibit "C"** is a true copy of the order (the "**Claims Process Order**") granted by the Honourable Mr. Justice Walker on June 28, 2022, in the CCAA Proceeding.

5. Shougang submitted a proof of claim (the "**Proof of Claim**") in the CCAA Proceeding pursuant to the Claims Process Order. Attached hereto and marked as **Exhibit "D"** is a true copy of the Proof of Claim.

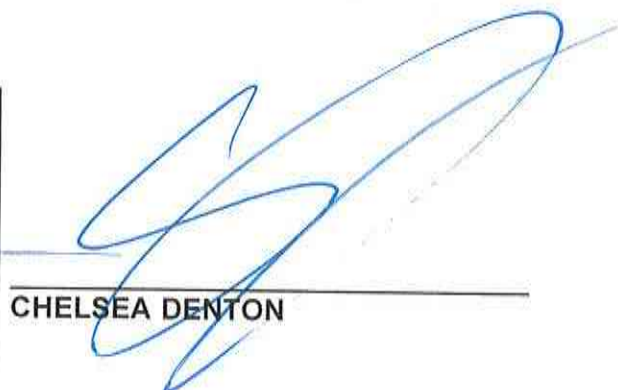
6. Ernst & Young Inc. has consented to act as Licensed Insolvency Trustee in the Bankruptcy of Canadian Dehua International Mines Group Inc. Attached hereto and marked as **Exhibit "E"** is a true copy of the consent to act of Ernst & Young Inc.

SWORN BEFORE ME at Vancouver, BC, on  
16/APR/2025

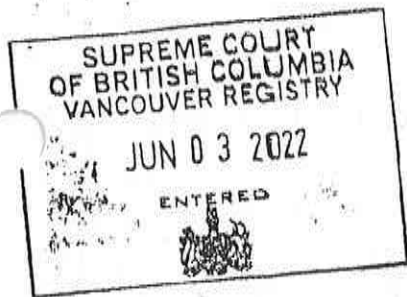


A Commissioner for taking Affidavits within  
British Columbia

EAMONN WATSON  
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CHELSEA DENTON



No. S-224444  
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT,

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

AND

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

PETITIONERS

ORDER MADE AFTER APPLICATION

BEFORE	)		)	
	)		)	
	)	THE HONOURABLE JUSTICE	)	June 3, 2022
	)	WALKER	)	
	)		)	

ON THE APPLICATION of Petitioner coming on for hearing at 800 Smithe Street, Vancouver, BC V6Z 2E1 on June 3, 2022 and on hearing Colin D. Brousson and Jeffrey D. Bradshaw, counsel for the Petitioner and those other counsel listed on Schedule "A" hereto; AND UPON READING the material filed, including the First Affidavit of Naishun Liu sworn on May 31, 2022 and the consent of FTI Consulting Canada Inc. to act as Monitor; AND UPON BEING ADVISED that the creditors and others who are likely to be affected by the charges created herein were given notice; 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:

**JURISDICTION**

1. The Petitioner is a company to which the CCAA applies.

This is Exhibit "A" referred to in the  
affidavit of Chelsea Vasey  
sworn before me at Vancouver BC  
this 16 day of April 2024  
.....  
A Commissioner for taking Affidavits  
for British Columbia

**SUBSEQUENT HEARING DATE**

2. The hearing of the Petitioner's application for an extension of the Stay Period (as defined in paragraph 14 of this Order) and for any ancillary relief shall be held at the Courthouse at 800 Smithe Street, Vancouver, British Columbia at 10:00 a.m. on Thursday, the 9<sup>th</sup> day of June, 2022 or such other date as this Court may order.

**PLAN OF ARRANGEMENT**

3. The Petitioner shall have the authority to file and may, subject to further order of this Court, file with this Court a plan of compromise or arrangement (hereinafter referred to as the "**Plan**").

**POSSESSION OF PROPERTY AND OPERATIONS**

4. Subject to this Order and any further Order of this Court, the Petitioner shall remain in possession and control of its current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the "**Property**"), and continue to carry on its business (the "**Business**") in the ordinary course and in a manner consistent with the preservation of the Business and the Property. The Petitioner shall be authorized and empowered to continue to retain and employ the employees, consultants, agents, experts, accountants, counsel and such other persons (collectively, "**Assistants**") currently retained or employed by it, with liberty to retain such further Assistants as it deems reasonably necessary or desirable in the ordinary course of business or for carrying out the terms of this Order.
5. The Petitioner shall be entitled, but not required, to pay the following expenses which may have been incurred prior to the Order Date:
  - (a) all outstanding wages, salaries, employee and pension benefits (including long and short term disability payments), vacation pay and expenses (but excluding severance pay) payable before or after the Order Date, in each case incurred in the ordinary course of business and consistent with the relevant compensation policies and arrangements existing at the time incurred (collectively "**Wages**"); and



- (b) the fees and disbursements of any Assistants retained or employed by the Petitioner which are related to the Petitioner's restructuring, at their standard rates and charges, including payment of the fees and disbursements of legal counsel retained by the Petitioner, whenever and wherever incurred, in respect of:
- (i) these proceedings or any other similar proceedings in other jurisdictions in which the Petitioner or any subsidiaries or affiliated companies of the Petitioner are domiciled;
  - (ii) any litigation in which the Petitioner is named as a party or is otherwise involved, whether commenced before or after the Order Date; and
  - (iii) any related corporate matters.
6. Except as otherwise provided herein, the Petitioner shall be entitled to pay all expenses reasonably incurred by the Petitioner in carrying on the Business in the ordinary course following the Order Date, and in carrying out the provisions of this Order, which expenses shall include, without limitation:
- (a) all expenses and capital expenditures reasonably incurred and which are necessary for the preservation of the Property or the Business including, without limitation, payments on account of insurance (including directors' and officers' insurance), maintenance and security services, provided that any capital expenditure exceeding \$50,000 shall be approved by the Monitor;
    - (i) all obligations incurred by the Petitioner after the Order Date, including without limitation, with respect to goods and services actually supplied to the Petitioner following the Order Date (including those under purchase orders outstanding at the Order Date but excluding any interest on the Petitioner's obligations incurred prior to the Order Date); and
    - (ii) fees and disbursements of the kind referred to in paragraph 5(b) which may be incurred after the Order Date.
7. The Petitioner is authorized to remit, in accordance with legal requirements, or pay:

- (a) any statutory deemed trust amounts in favour of the Crown in right of Canada or of any Province thereof or any other taxation authority which are required to be deducted from Wages, including, without limitation, amounts in respect of (i) employment insurance, (ii) Canada Pension Plan, (iii) Quebec Pension Plan, and (iv) income taxes or any such claims which are to be paid pursuant to Section 6(3) of the CCAA;
  - (b) all goods and services or other applicable sales taxes (collectively, "**Sales Taxes**") required to be remitted by the Petitioner in connection with the sale of goods and services by the Petitioner, but only where such Sales Taxes accrue or are collected after the Order Date, or where such Sales Taxes accrued or were collected prior to the Order Date but not required to be remitted until on or after the Order Date; and
  - (c) any amount payable to the Crown in right of Canada or of any Province thereof or any political subdivision thereof or any other taxation authority in respect of municipal property taxes, municipal business taxes or other taxes, assessments or levies of any nature or kind which are entitled at law to be paid in priority to claims of secured creditors.
8. Until such time as a real property lease is disclaimed in accordance with the CCAA, the Petitioner shall pay all amounts constituting rent or payable as rent under real property leases (including, for greater certainty, common area maintenance charges, utilities and realty taxes and any other amounts payable as rent to the landlord under the lease) based on the terms of existing lease arrangements or as otherwise may be negotiated between the Petitioner and the landlord from time to time ("**Rent**"), for the period commencing from and including the Order Date, twice-monthly in equal payments on the first and fifteenth day of the month in advance (but not in arrears). On the date of the first of such payments, any Rent relating to the period commencing from and including Order Date shall also be paid.
9. Except as specifically permitted herein, the Petitioner is hereby directed, until further Order of this Court:

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- (a) to make no payments of principal, interest thereon or otherwise on account of amounts owing by the Petitioner to any of its creditors as of the Order Date except as authorized by this Order;
- (b) to make no payments in respect of any financing leases which create security interests;
- (c) to grant no security interests, trust, mortgages, liens, charges or encumbrances upon or in respect of any of its Property, nor become a guarantor or surety, nor otherwise become liable in any manner with respect to any other person or entity except as authorized by this Order;
- (d) to not grant credit except in the ordinary course of the Business only to its customers for goods and services actually supplied to those customers, provided such customers agree that there is no right of set-off in respect of amounts owing for such goods and services against any debt owing by the Petitioner to such customers as of the Order Date; and
- (e) to not incur liabilities except in the ordinary course of Business.

#### RESTRUCTURING

10. Subject to such requirements as are imposed by the CCAA, the Petitioner shall have the right to:
- (a) permanently or temporarily cease, downsize or shut down all or any part of its Business or operations and commence marketing efforts in respect of any of its redundant or non-material assets and to dispose of redundant or non-material assets not exceeding \$50,000 in any one transaction or \$200,000 in the aggregate;
  - (b) terminate the employment of such of its employees or temporarily lay off such of its employees as it deems appropriate; and
  - (c) pursue all avenues of refinancing for its Business or Property, in whole or part;
- all of the foregoing to permit the Petitioner to proceed with an orderly restructuring of the Business (the "Restructuring").

11. The Petitioner shall provide each of the relevant landlords with notice of the Petitioner's intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes the Petitioner's entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors who claim a security interest in the fixtures, such landlord and the Petitioner, or by further Order of this Court upon application by the Petitioner, the landlord or the applicable secured creditors on at least two (2) clear days' notice to the other parties. If the Petitioner disclaims the lease governing such leased premises in accordance with Section 32 of the CCAA, it shall not be required to pay Rent under such lease pending resolution of any dispute concerning such fixtures (other than Rent payable for the notice period provided for in Section 32(5) of the CCAA), and the disclaimer of the lease shall be without prejudice to the Petitioner's claim to the fixtures in dispute.
12. If a notice of disclaimer is delivered pursuant to Section 32 of the CCAA, then: (a) during the period prior to the effective time of the disclaimer, the landlord may show the affected leased premises to prospective tenants during normal business hours on giving the Petitioner and the Monitor 24 hours' prior written notice; and (b) at the effective time of the disclaimer, the landlord shall be entitled to take possession of any such leased premises without waiver of or prejudice to any claims the landlord may have against the Petitioner, or any other rights the landlord might have, in respect of such lease or leased premises and the landlord shall be entitled to notify the Petitioner of the basis on which it is taking possession and gain possession of and re-lease such leased premises to any third party or parties on such terms as the landlord considers advisable, provided that nothing herein shall relieve the landlord of its obligation to mitigate any damages claimed in connection therewith.
13. Pursuant to Section 7(3)(c) of the Personal Information Protection and Electronics Documents Act, S.C. 2000, c. 5 and Section 18(1)(o) of the Personal Information Protection Act, S.B.C. 2003, c. 63, and any regulations promulgated under authority of either Act, as applicable (the "**Relevant Enactment**"), the Petitioner, in the course of these proceedings, is permitted to, and hereby shall, disclose personal information of identifiable individuals in its possession or control to stakeholders, its advisors,



prospective investors, financiers, buyers or strategic partners (collectively, "**Third Parties**"), but only to the extent desirable or required to negotiate and complete the Restructuring or to prepare and implement the Plan or transactions for that purpose; provided that the Third Parties to whom such personal information is disclosed enter into confidentiality agreements with the Petitioner binding them in the same manner and to the same extent with respect to the collection, use and disclosure of that information as if they were an organization as defined under the Relevant Enactment, and limiting the use of such information to the extent desirable or required to negotiate or complete the Restructuring or to prepare and implement the Plan or transactions for that purpose, and attorning to the jurisdiction of this Court for the purposes of that agreement. Upon the completion of the use of personal information for the limited purposes set out herein, the Third Parties shall return the personal information to the Petitioner or destroy it. If the Third Parties acquire personal information as part of the Restructuring or the preparation and implementation of the Plan or transactions in furtherance thereof, such Third Parties may, subject to this paragraph and any Relevant Enactment, continue to use the personal information in a manner which is in all respects identical to the prior use thereof by the Petitioner.

#### **STAY OF PROCEEDINGS, RIGHTS AND REMEDIES**

14. Until and including June 9, 2022, or such later date as this Court may order (the "**Stay Period**"), no action, suit or proceeding in any court or tribunal (each, a "**Proceeding**") against or in respect of the Petitioner or the Monitor, or affecting the Business or the Property, shall be commenced or continued except with the written consent of the Petitioner and the Monitor or with leave of this Court, and any and all Proceedings currently under way against or in respect of the Petitioner or affecting the Business or the Property are hereby stayed and suspended pending further Order of this Court.
15. During the Stay Period, all rights and remedies of any individual, firm, corporation, governmental body or agency, or any other entities (all of the foregoing, collectively being "**Persons**" and each being a "**Person**") against or in respect of the Petitioner or the Monitor, or affecting the Business or the Property, are hereby stayed and suspended except with the written consent of the Petitioner and the Monitor or leave of this Court.

16. Nothing in this Order, including paragraphs 14 and 15, shall: (i) empower the Petitioner to carry on any business which the Petitioner is not lawfully entitled to carry on; (ii) affect such investigations, actions, suits or proceedings by a regulatory body as are permitted by Section 11.1 of the CCAA; (iii) prevent the filing of any registration to preserve or perfect a mortgage, charge or security interest (subject to the provisions of Section 39 of the CCAA relating to the priority of statutory Crown securities); or (iv) prevent the registration or filing of a lien or claim for lien or the commencement of a Proceeding to protect lien or other rights that might otherwise be barred or extinguished by the effluxion of time, provided that no further step shall be taken in respect of such lien, claim for lien or Proceeding except for service of the initiating documentation on the Petitioner.

#### **NO INTERFERENCE WITH RIGHTS**

17. During the Stay Period, no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Petitioner, except with the written consent of the Petitioner and the Monitor or leave of this Court.

#### **CONTINUATION OF SERVICES**

18. During the Stay Period, all Persons having oral or written agreements with the Petitioner or mandates under an enactment for the supply of goods and/or services, including without limitation all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation, services, utility or other services to the Business or the Petitioner, are hereby restrained until further Order of this Court from discontinuing, altering, interfering with, or terminating the supply of such goods or services as may be required by the Petitioner, and that the Petitioner shall be entitled to the continued use of its current premises, telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the Order Date are paid by the Petitioner in accordance with normal payment practices of the Petitioner or such other practices as may be agreed upon by the supplier or service provider and the Petitioner and the Monitor, or as may be ordered by this Court.

#### **NON-D EROGATION OF RIGHTS**

19. Notwithstanding any provision in this Order, no Person shall be prohibited from requiring immediate payment for goods, services, use of leased or licensed property or other valuable consideration provided on or after the Order Date, nor shall any Person be under any obligation to advance or re-advance any monies or otherwise extend any credit to the Petitioner on or after the Order Date. Nothing in this Order shall derogate from the rights conferred and obligations imposed by the CCAA.

#### **PROCEEDINGS AGAINST DIRECTORS AND OFFICERS**

20. During the Stay Period, and except as permitted by subsection 11.03(2) of the CCAA, no Proceeding may be commenced or continued against the directors or officers of the Petitioner with respect to any claim against the directors or officers that arose before the date hereof and that relates to any obligations of the Petitioner whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment or performance of such obligations, until a compromise or arrangement in respect of the Petitioner, if one is filed, is sanctioned by this Court or is refused by the creditors of the Petitioner or this Court. Nothing in this Order, including in this paragraph, shall prevent the commencement of a Proceeding to preserve any claim against a director or officer of the Petitioner that might otherwise be barred or extinguished by the effluxion of time, provided that no further step shall be taken in respect of such Proceeding except for service of the initiating documentation on the applicable director or officer.

#### **APPOINTMENT OF MONITOR**

21. FTI Consulting Canada Inc. is hereby appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the business and financial affairs of the Petitioner with the powers and obligations set out in the CCAA or set forth herein, and that the Petitioner and its shareholders, officers, directors, and Assistants shall advise the Monitor of all material steps taken by the Petitioner pursuant to this Order, and shall cooperate fully with the Monitor in the exercise of its powers and discharge of its obligations and provide the Monitor with the assistance that is necessary to enable the Monitor to adequately carry out the Monitor's functions.
22. The Monitor, in addition to its prescribed rights and obligations under the CCAA, is hereby directed and empowered to:

- (a) monitor the Petitioner's receipts and disbursements;
  - (b) report to this Court at such times and intervals as the Monitor may deem appropriate with respect to matters relating to the Property, the Business, and such other matters as may be relevant to the proceedings herein;
  - (c) advise the Petitioner in its development of the Plan and any amendments to the Plan;
  - (d) assist the Petitioner, to the extent required by the Petitioner, with the holding and administering of creditors' or shareholders' meetings for voting on the Plan;
  - (e) have full and complete access to the Property, including the premises, books, records, data, including data in electronic form, and other financial documents of the Petitioner, to the extent that is necessary to adequately assess the Petitioner's business and financial affairs or to perform its duties arising under this Order;
  - (f) be at liberty to engage independent legal counsel or such other persons as the Monitor deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order; and
  - (g) perform such other duties as are required by this Order or by this Court from time to time.
23. The Monitor shall not take possession of the Property and shall take no part whatsoever in the management or supervision of the management of the Business and shall not, by fulfilling its obligations hereunder, or by inadvertence in relation to the due exercise of powers or performance of duties under this Order, be deemed to have taken or maintained possession or control of the Business or Property, or any part thereof, and nothing in this Order shall be construed as resulting in the Monitor being an employer or a successor employer, within the meaning of any statute, regulation or rule of law or equity, for any purpose whatsoever.
24. Nothing herein contained shall require or allow the Monitor to occupy or to take control, care, charge, possession or management (separately and/or collectively, "**Possession**") of any of the Property that might be environmentally contaminated, might be a pollutant



or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Fisheries Act*, the *British Columbia Environmental Management Act*, the *British Columbia Fish Protection Act* and regulations thereunder (the "**Environmental Legislation**") , provided however that nothing herein shall exempt the Monitor from any duty to report or make disclosure imposed by applicable Environmental Legislation. For greater certainty, the Monitor shall not, as a result of this Order or anything done in pursuance of the Monitor's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

25. The Monitor shall provide any creditor of the Petitioner with information provided by the Petitioner in response to reasonable requests for information made in writing by such creditor addressed to the Monitor. The Monitor shall not have any responsibility or liability with respect to the information disseminated by it pursuant to this paragraph. In the case of information that the Monitor has been advised by the Petitioner is confidential, the Monitor shall not provide such information to creditors unless otherwise directed by this Court or on such terms as the Monitor and the Petitioner may agree.
26. In addition to the rights and protections afforded the Monitor under the CCAA or as an officer of this Court, the Monitor shall incur no liability or obligation as a result of its appointment or the carrying out of the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order shall derogate from the rights and protections afforded the Monitor by the CCAA or any applicable legislation.

#### **ADMINISTRATION CHARGE**

27. The Monitor, counsel to the Monitor, if any, and counsel to the Petitioner shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, by the Petitioner as part of the cost of these proceedings. The Petitioner is hereby authorized and directed to pay the accounts of the Monitor, counsel to the Monitor and counsel to the Petitioner on a periodic basis and, in addition, the Petitioner

is hereby authorized to pay to the Monitor, counsel to the Monitor, and counsel to the Petitioner, retainers in the amount[s] of \$50,000 respectively to be held by them as security for payment of their respective fees and disbursements outstanding from time to time.

28. The Monitor and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Monitor and its legal counsel are hereby referred to a judge of the British Columbia Supreme Court who may determine the manner in which such accounts are to be passed, including by hearing the matter on a summary basis or referring the matter to a Registrar of this Court.
29. The Monitor, counsel to the Monitor, if any, and counsel to the Petitioner shall be entitled to the benefit of and are hereby granted a charge (the "**Administration Charge**") on the Property, which charge shall not exceed an aggregate amount of \$350,000, as security for their respective fees and disbursements incurred at the standard rates and charges of the Monitor and such counsel, both before and after the making of this Order which are related to the Petitioner's restructuring. The Administration Charge shall have the priority set out in paragraphs 33 and 35 hereof.

#### **VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER**

30. The priorities of the Administration Charge shall be as follows:

First – Administration Charge (to the maximum amount of \$350,000).

31. Any security documentation evidencing, or the filing, registration or perfection of, the Administration Charge shall not be required, and that the Administration Charge shall be effective as against the Property and shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered or perfected subsequent to the Administration Charge coming into existence, notwithstanding any failure to file, register or perfect the Administration Charge.
32. The Administration Charge shall constitute a mortgage, security interest, assignment by way of security and charge on the Property and the Administration Charge shall rank in priority to all other security interests, trusts, liens, mortgages, charges and encumbrances and claims of secured creditors, statutory or otherwise (collectively,

"Encumbrances"), in favour of any Person, save and except those claims contemplated by section 11.8(8) of the CCAA.

33. Except as otherwise expressly provided herein, or as may be approved by this Court, the Petitioner shall not grant or suffer to exist any Encumbrances over any Property that rank in priority to, or *pari passu* with the Administration Charge, unless the Petitioner obtains the prior written consent of the Monitor, the beneficiaries of the Administration Charge.
34. The Administration Charge shall not be rendered invalid or unenforceable.
35. THIS COURT ORDERS that any charge created by this Order over leases of real property in Canada shall only be a charge in the Petitioner's interest in such real property leases.

#### SERVICE AND NOTICE

36. The Monitor shall (i) without delay, publish in the National Edition of the Globe and Mail a notice containing the information prescribed under the CCAA, (ii) within five days after Order Date, (A) make this Order publicly available in the manner prescribed under the CCAA, (B) send, in the prescribed manner, a notice to every known creditor who has a claim against the Petitioner of more than \$1000, and (C) prepare a list showing the names and addresses of those creditors and the estimated amounts of those claims, and make it publicly available in the prescribed manner, all in accordance with Section 23(1)(a) of the CCAA and the regulations made thereunder.
37. The Petitioner and the Monitor are at liberty to serve this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or electronic transmission to the Petitioner's creditors or other interested parties at their respective addresses as last shown on the records of the Petitioner and that any such service or notice by courier, personal delivery or electronic transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.
38. Any Person that wishes to be served with any application and other materials in these proceedings must deliver to the Monitor by way of ordinary mail, courier, personal

delivery or electronic transmission a request to be added to a service list (the "**Service List**") to be maintained by the Monitor. The Monitor shall post and maintain an up to date form of the Service List on its website at: <http://cfcanada.fticonsulting.com/canadiandehuainternational>

39. Any party to these proceedings may serve any court materials in these proceedings by emailing a PDF or other electronic copy of such materials to counsels' email addresses as recorded on the Service List from time to time, and the Monitor shall post a copy of all prescribed materials on its website at: <http://cfcanada.fticonsulting.com/canadiandehuainternational>
40. Notwithstanding paragraphs 40 and 41 of this Order, service of the Petition, the Notice of Hearing of Petition, any affidavits filed in support of the Petition and this Order shall be made on the Federal and British Columbia Crowns in accordance with the *Crown Liability and Proceedings Act*, R.S.C. 1985, c. C-50, and regulations thereto, in respect of the Federal Crown, and the *Crown Proceeding Act*, R.S.B.C. 1996, c. 89, in respect of the British Columbia Crown.

#### GENERAL

41. The Petitioner or the Monitor may from time to time apply to this Court for directions in the discharge of its powers and duties hereunder.
42. Nothing in this Order shall prevent the Monitor from acting as an interim receiver, a receiver, a receiver and manager, or a trustee in bankruptcy of the Petitioner, the Business or the Property.
43. 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 Petitioner and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative

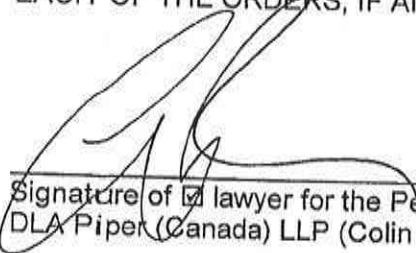


status to the Monitor in any foreign proceeding, or to assist the Petitioner and the Monitor and their respective agents in carrying out the terms of this Order.

44. Each of the Petitioner and the Monitor be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order and the Monitor is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada, including acting as a foreign representative of the Petitioner to apply to the United States Bankruptcy Court for relief pursuant to Chapter 15 of the *United States Bankruptcy Code*, 11 U.S.C. §§ 101-1330, as amended.
45. The Petitioner may (subject to the provisions of the CCAA and the BIA) at any time file a voluntary assignment in bankruptcy or a proposal pursuant to the commercial reorganization provisions of the BIA if and when the Petitioner determines that such a filing is appropriate.
46. The Petitioner is hereby at liberty to apply for such further interim or interlocutory relief as it deems advisable within the time limited for Persons to file and serve Responses to the Petition.
47. Leave is hereby granted to hear any application in these proceedings on two (2) clear days' notice after delivery to all parties on the Service List of such Notice of Application and all affidavits in support, subject to the Court in its discretion further abridging or extending the time for service.
48. Any interested party (including the Petitioner and the Monitor) may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to all parties on the Service List and to any other party or parties likely to be affected by the order sought or upon such other notice, if any, as this Court may order.
49. Endorsement of this Order by counsel appearing on this application is hereby dispensed with.

50. This Order and all of its provisions are effective as of 12:01 a.m. local Vancouver time on the Order Date.

THE FOLLOWING PARTIES APPROVE THE FORM OF THIS ORDER AND CONSENT TO EACH OF THE ORDERS, IF ANY, THAT ARE INDICATED ABOVE AS BEING BY CONSENT:

  
\_\_\_\_\_  
Signature of ☒ lawyer for the Petitioner  
DLA Piper (Canada) LLP (Colin D. Brousson)

BY THE COURT

  
\_\_\_\_\_  
REGISTRAR



## SCHEDULE "A"

NAME OF COUNSEL	PARTY REPRESENTING
Jordan Schultz and Eamonn Watson	China Shougang International Trade & Engineering Corporation

No. S-224444  
Vancouver Registry

**IN THE SUPREME COURT OF BRITISH COLUMBIA**

THE MATTER OF THE COMPANIES' CREDITORS  
ARRANGEMENT ACT,

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

AND

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

PETITIONERS

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**ORDER MADE AFTER APPLICATION**

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File No.: 080762-00014

CDB/day





This is the 1st affidavit  
of Naishun Liu in this case  
and was made on May 31, 2022

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

AFFIDAVIT

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

1. I am the Director of Canadian Dehua International Mines Group Inc. ("CDI" or "Defendant"), 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. This affidavit is made in support of a petition (the "Petition") by the Petitioner for an initial order (the "Initial Order") under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA"), to facilitate a restructuring of the business and assets of the Petitioner. If the Initial Order is granted, this affidavit will also provide background for the comeback hearing on or about June 13, 2022 (the "Comeback Hearing").
3. All amounts are in Canadian dollars unless otherwise indicated.

This is Exhibit **B** referred to in the  
affidavit of **Chokea Denon**  
sworn before me at **Vancouver BC**  
this **16** day of **April 2025**

A Commissioner for taking Affidavits  
for British Columbia

4. I am authorized to make this Affidavit on behalf of the Petitioner and the Petitioner has authorized the filing of the Petition.
5. For the reasons set out herein, I verily believe that the Petitioner is insolvent and is an entity to which the CCAA applies.

#### **BACKGROUND**

6. The Petitioner, Canadian Dehua International Mines Group Inc. ("CDI") is a company incorporated pursuant to the laws of British Columbia.
7. CDI is a company that invests in, and operates, mining assets in British Columbia and elsewhere.
8. CDI was incorporated in 2004 in order to develop underground core mining properties.
9. 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.

#### ***Corporate Structure***

10. CDI holds a portfolio of mining rights and interests in a number of mining companies.
11. Specifically, CDI wholly owns three mining project or services companies:
  - (a) Wapiti Coking Coal Mines Corporation ("WCCM");
  - (b) Canada Dehua Drilling Ltd. ("CDD"); and
  - (c) Canadian Bullmoose Mines ("CBM", and collectively with WCCM and CDD, the "Wholly Owned Companies")
12. In addition to the Wholly Owned Companies, CDI has a partial ownership interest in the following mining companies:
  - (a) Canadian Kailuan Dehua Mines Co., Ltd. ("CKD");
  - (b) Canadian Dehua Lvliang Corp. ("CDLV") who holds a 40% interest in HD Mining International Ltd. ("HDMI"); and

- (c) Vancouver Island Iron Ore Corporation ("VIIO", and collectively with CKD, CDLV, and HDMI, the "Investment Companies")

- 13. In addition to the Wholly Owned Companies and the Investment Companies, CDI has an interest in the mining project Iron Ross.

#### ***Corporate Management***

- 14. I am currently the sole director and officer of CDI. Attached hereto and marked as **Exhibit "A"** is a true copy of the BC Corporate Search for CDI.
- 15. I have approximately 20 years experience in mining exploration and development and have developed a significant network of business relationships over that time.
- 16. CDI has two shareholders with 50% interest, myself and Qubo Liu.

#### ***Employees***

- 17. CDI has two employees in British Columbia. CDI's employees have not been paid since February 2022 due to cash flow concerns. All source deductions to February 2022 are current.

#### **CURRENT FINANCIAL CIRCUMSTANCES**

- 18. Attached hereto and marked as **Exhibit "B"** is a true copy of CDI's unaudited financial statements for the year ending March 31, 2021.
- 19. As at March 31, 2021, CDI has \$106,721,494 in unsecured debt and no secured creditors.
- 20. In the fiscal years ending March 31, 2020 and 2021, CDI has had annual losses totalling \$12,825,462.
- 21. CDI has annual operating expenses totalling \$1,302,621.
- 22. CDI is owed \$410,693 from related companies.
- 23. As at March 31, 2021, CDI had assets with a book value of \$93,771,032.

24. CDI's main mining assets have not yet gone into production. It is expected that these assets will begin production with the next couple of years and they will require further capitalization to reach production.
25. As a result of longer than expected project development timelines, and a number of unfavourable judgments and arbitration decisions relating to various mining projects and ventures, CDI has a number of significant creditors who are currently seeking to enforce against CDI's assets.
26. Exacerbating the financial circumstances, CDI has almost no cash (\$2,312) and poor liquidity generally.
27. I am aware of over \$106 million in unsecured claims that I expect will be made against CDI, including, but not limited to the following approximate amounts:

Zhonghe Canada Zhonghe Investment Ltd. ("Zhonghe")	\$ 5,200,000;
China Shougang International Trade & Engineer Corporation ("Shougang International")	\$ 20,800,000;
Feicheng Mining Group Company Limited ("Feikuang")	\$ 63,000,000;
Canadian Dehua Lv Liang International Mines Corp. ("CDLV")	\$ 15,000,000;
HBIS Group International Co., Ltd. ("HBIS")	\$ 2,410,000;
Canada Revenue Agency	\$ 450,000;
<b>Approximate Total</b>	<b>\$106,860,000</b>

28. CDI was indebted to my family for various shareholder loans in the amount of \$1,734,093 as at March 31, 2021. There have been approximately \$250,000 in additional shareholder loans from myself or Qubo Liu since March 31, 2021.
29. Despite my best efforts, it is apparent that the Petitioner will be unable to resolve its liquidity issues and repay its creditors without creditor protection.
30. As illustrated in the 14 week cash flow statement for the period ending August 29, 2022 (the "**Cash-Flow Statement**"), which was prepared in consultation with the Proposed

Monitor (defined below), the Petitioner requires immediate liquidity and investments. Without the contemplated interim financing, discussed in detail below, the Petitioner will not be able to continue operations. Now shown to me and attached as **Exhibit "C"** is a copy of the Cash-Flow Statement.

**CCAA RELIEF AND THE INSOLVENCY OF THE PETITIONER**

31. The Petitioner is currently in a liquidity and debt crisis, which has made it necessary for the Petitioner to pursue refinancing, restructuring efforts, as well as a potential sale of some or all of the Petitioner's assets, or a combination thereof.
32. Two of CDI's unsecured creditors, Zhonghe and Shougang International, have been active in pursuing their claims against CDI and have made this CCAA filing necessary.
33. The relationships between CDI, Shougang International and Zhonghe are complex and involve more than one transaction and project.

**CKD JDA**

34. On October 18, 2010, Zhonghe, CDI, and Shougang Canada, an affiliate of Shougang International, entered into a Joint Development Agreement (the "**CKD JDA**"). Attached hereto and marked as **Exhibit "D"** is a true copy of a translation of the CKD JDA.
35. Under the CKD JDA, CDI would invest its ownership interest in certain coal mine property in the Northeast of the Province of British Columbia (the "**Gething Coal Project**") and Zhonghe and Shougang Canada would invest capital into a company called Canadian Kailuan Dehua Mines Co., Ltd. ("**CKD**").
36. The shareholding interests in CKD after the CKD JDA was entered would be:
  - (a) Zhonghe at 51% common shares,
  - (b) Shougang Canada 25% common shares; and
  - (c) CDI 24% common shares;
37. In 2012, when CDI made a tax election related to the transfer of the Gething Coal Project assets into CKD, it was agreed between CDI and CKD that CDI would indemnify CKD for tax losses (if any) related to this transfer (the "**Contingent Tax Indemnity**").



38. Ten years passed since the Contingent Tax Indemnity was executed and no tax losses have arisen which would trigger the Contingent Tax Indemnity.
39. In 2016, four years after the Contingent Tax Indemnity was entered, CKD purported to link a security interest over CDI's shares in CKD (not over other assets of CDI) in favour of CKD to secure the Contingent Tax Indemnity. CKD registered a financing statement concerning this purported security interest in the Personal Property Registry (the "PPR"). Attached hereto and marked as **Exhibit "E"** is a true copy of the PPR search results for CDI.
40. The intent of the CKD JDA was development of the Gething Coal Project to the benefit of Shougang, Zhonghe and CDI.
41. As at December 31, 2021:
  - (a) CKD held \$51,868,349.37 of cash in various banks;
  - (b) CKD's total assets were valued at \$127,904,996.07;
  - (c) CKD had liabilities of only \$19,494.13; and
  - (d) The shareholders' equity of CKD was \$127,885,501.94.
42. CKD and its substantial cash assets remain in the control of Zhonghe.
43. Despite protest by CDI, Zhonghe has not pursued the Gething Coal Project as agreed under the CKD JDA, and Zhonghe has used capital held by CKD for unrelated business projects which primarily benefit Zhonghe but also Shougang, including, importing motor vehicles into China for resale.

Bullmoose JVA

44. On May 25, 2011, a Joint Venture Agreement (the "**Bullmoose JVA**") was entered as between Zhonghe, CDI, HBIS Group International Co., Ltd. (formerly, Hebei Iron & Steel Group Co., Ltd., ("**HBIS**") certain coal mine property in the Province of British Columbia. Attached hereto and marked as **Exhibit "F"** is a true copy of a translation of the Bullmoose JVA.
45. The key terms of the Bullmoose JVA were that:

- (a) the three parties would form a joint venture company called Canadian Bullmoose Mines Co., Ltd. ("**Bullmoose**") with the shareholding interest in Bullmoose being Zhonghe at 51/100 (51%), HBIS 25/100 (25%) and CDI 24/100 (24%);
  - (b) Each party would contribute their proportionate share of the total capital contribution in the aggregate amount of US\$10 million, Zhonghe US\$5.1 million, HBIS US\$2.5 million, and CDI US\$2.4 million (the "**Bullmoose Capital Contribution**");
  - (c) Bullmoose would seek to determine the feasibility of certain coal mine property in the Province of British Columbia (the "**Bullmoose Mining Project**");
  - (d) Bullmoose would obtain a geological report for the Bullmoose Mining Project (the "**Geo Report**") and submit it to Zhonghe and HBIS;
  - (e) Zhonghe and HBIS were required to notify CDI, within one month of receipt of the Geo Report for Bullmoose whether each of them would enter into a Cooperative Development Agreement to proceed with the Bullmoose Mining Project, or alternatively seek return from CDI to Zhonghe and HBIS of an amount equal to their respective Bullmoose Capital Contribution (the "**Bullmoose Development Notification**");
  - (f) The performance and amendment of the Bullmoose JVA was governed by the laws of the People's Republic of China; and
  - (g) Any disputes which arose under the Bullmoose JVA, which could not be resolved first by negotiation between the parties, would be solved through arbitration by the China International Economic and Trade Commission in accordance with its arbitration rules.
46. On, or about, February 2, 2013, in accordance with the terms of the Bullmoose JVA, Zhonghe and HBIS obtained the Bullmoose Geo Report. Attached hereto and marked as **Exhibit "G"** is a copy of the Bullmoose Geo Report.
47. However, contrary to the terms of the Bullmoose JVA, CDI did not receive the Bullmoose Development Notification from Zhonghe or HBIS within one month of receipt of the Geo

Report submission. In fact, Zhonghe and HBIS have never provided the Bullmoose Development Notification to CDI under the Bullmoose JVA at any time.

48. Notwithstanding the failure to issue the Bullmoose Development Notification, Zhonghe and HBIS insisted upon return from CDI to Zhonghe of an amount equal to their respective Bullmoose Capital Contributions and asked for promissory notes from CDI for amounts which CDI did not have the cash on hand to pay.
49. The Zhonghe and HBIS Bull Moose requests to me were constant and at times desperate. I understood that if I refused this request and thereby forced the senior officers of Zhonghe and HBIS to acknowledge these missed deadlines under the Bull Moose JVA to their superiors in China that it would be personally quite difficult for them, with potential administrative or even criminal liability. Both companies are Chinese state owned.
50. On September 24, 2019, CDI executed a promissory note in favour of Zhonghe (the "**Zhonghe P-Note**") in the amount of US\$3,922,000 "as consideration in exchange for 3922000 Class A Common Voting shares in the capital of Canadian Bullmoose Mines Ltd. sold, assigned and transferred by the Holder [Zhonghe] to the Debtor [CDI]". CDI issued a similar promissory note to HBIS for a smaller amount. Attached hereto and marked as **Exhibit "H"** is a true copy of the Zhonghe P-Note and a translation.
51. However, CDI only agreed to the Zhonghe P-Note and HBIS promissory note on the condition that Zhonghe and HBIS would not actively pursue or enforce a payment (the "**Capital Account Payment Condition**") until CDI had the funds available to make such payment.
52. Zhonghe did not return the Bullmoose shares to CDI in return for Zhonghe P-Note, did not take the matter to arbitration by the China International Economic and Trade Commission in accordance with the Bullmoose JVA and it did not honour the Capital Account Payment Condition.

#### The Zhonghe Litigation

53. On May 10, 2021, despite the Capital Account Payment Condition, Zhonghe commenced proceedings against CDI bearing Vancouver Registry Action No. S-214547 (the "**Zhonghe Action**") to enforce the Zhonghe P-Note without even mentioning the

Bullmoose Project or the Bullmoose JVA. Attached hereto and marked as **Exhibit "I"** is a true copy of the Notice of Civil Claim in the Zhonghe Action.

54. CDI did not seek legal advice on the Zhonghe Action and it was not defended by CDI.
55. On August 30, 2021, default judgment was obtained by Zhonghe in the amount of \$4,781,310.20 plus interest in the amount of \$495,946.31 for a total of \$5,277,256.51 together with costs to be assessed and post judgment interest (the "**Zhonghe Judgment**"). Attached hereto and marked as **Exhibit "J"** is a true copy of the Zhonghe Judgment.

Zhonghe CKD Share Seizure and Purported Sale

56. On September 10, 2021, Zhonghe was granted a Writ of Seizure and Sale in the Zhonghe Action (the "**Zhonghe Writ**"). Attached hereto and marked as **Exhibit "K"** is a true copy of the Zhonghe Writ of Seizure and Sale.
57. Zhonghe appointed Accurate Court Bailiff Services Ltd. ("**Accurate**") as bailiff and instructed Accurate to seize and sell CDI's shares in CKD.
58. As a result of a PPR search review Accurate thought the shares held by CDI in CKD might be subject to a security interest in favour of CKD (the "**CKD Potential Security Interest**").
59. On September 17, 2021, Accurate reached out directly to CKD to request:
  - (a) under section 18.2 (b) of the *Personal Property Security Act* a statement in writing of the amount of the indebtedness and of the terms of payment under the CKD Potential Security Interest; and
  - (b) permission to seize and sell the shares which CDI owned in CKD.
60. In response, despite Accurate's specific request, neither Zhonghe nor CKD appear to have provided or explained to Accurate:
  - (a) the amount of any indebtedness the CKD Potential Security Interest purported to secure; or

- (b) that the CKD Potential Security Interest purported to secure a Contingent Tax Indemnity where no tax losses had arisen which would trigger the Contingent Tax Indemnity for over 10 years.
61. Instead, CKD gave Accurate permission to seize CDI's shares in CKD, "provided that CKD's security interest remains registered against the shares"; (the "**CKD Seized Share Sale Consent**").
62. I have reviewed the Affidavit #2 of Peter Powers sworn in the Zhonghe Action from Accurate and defer to his direct knowledge of the circumstances of the marketing efforts Accurate CDI's shares in CKD as well as the auction (the "**Auction**") which was held at Accurate's offices in Burnaby on November 24, 2021 for the CKD shares. Attached hereto and marked as **Exhibit "L"** is a true copy of the Affidavit #2 of Peter Powers that I reviewed.
63. However, I understand from Accurate that the successful bidder at the Auction was Witcool Technology Co. Ltd. ("**Witcool**") for a purchase price of \$55,000.
64. CDI was not informed of the CKD Seized Share Sale Consent which was provided to Accurate despite CDI and Shougang Canada retaining rights to consent to any such sale, rights of first refusal for the shares, and the right to act as directors of CKD and under the CKD JDA. I have been advised, and verily believe, that Shougang Canada was also not advised of the Seized Share Sale Consent.
65. The value of CDI's interest in CKD is far more than the Witcool bid of \$55,000.
66. Based upon the CKD December 31, 2020, financial statements and the CKD 2021 Balance Sheet and Income Statement (collectively, the "**CKD Financials**") where CKD's share capital was approximately \$128 million CDI's shares in CKD should be valued in excess of \$30 million (24% of \$128 million). Attached hereto and marked as **Exhibit "M"** is a true copy of the CKD Financials.
67. Both CKD and Zhonghe had access to the CKD Financials and were aware that a sale of CDI's shares at \$55,000 to Witcool was well under value.
68. Despite this knowledge and the fact that \$55,000 would not have any real impact on paying down the Zhonghe Judgment of over \$5 million, Zhonghe still brought application



in the Zhonghe Action to try and approve this sale of CDI's shares CKD to Witcool at this absurdly low price.

69. When CDI was served with this share sale approval application it sought legal advice to engage with Zhonghe and find out from Accurate what took place leading up to and at the Auction. CDI has not been given notice of any further attempt to take steps to complete the share sale to Witcool.

#### Shougang Litigation

70. On August 23, 2019 an arbitrator in China awarded Shougang International a judgment in the amounts of \$15,750,000 USD and 1,334,768 yuan (combined to a Canadian dollar equivalent amount of \$20,826,789.80 as at the date of judgment), as against CDI (the "**Shougang Arbitration Award**").
71. The Shougang Arbitration Award related to the Wapiti coking coal project and return of \$10 million USD cooperation deposit made by Shougang in the project plus interest thereon.
72. On January 20, 2020, Shougang International commenced an action against CDI under Vancouver Registry Action No. S-200699 (the "**Shougang International Action**") in an effort to recognize the Shougang Arbitration Award.
73. As at January 21, 2021, Shougang International has been granted judgment in the amount of \$20.8 million against CDI in the Shougang International Action, in recognition of the Shougang Arbitration Award (the "**Shougang Judgment**"). Attached hereto and marked as **Exhibit "N"** is a true copy of the Shougang Judgment.

#### Shougang Bankruptcy Action

74. CDI had been hoping to utilize funds obtained in connection with its Wapiti Project and by selling its interest in the Murray River Project (both defined below) to be able to satisfy the Shougang Judgment. However, CDI was not able to do this prior to April 6, 2022.
75. On April 6, 2022, Shougang International commenced proceedings pursuant to the *Bankruptcy and Insolvency Act*, with a style of cause as "In The Matter of the Bankruptcy of Canadian Dehua International Mines Group Inc." and bearing Vancouver Court File

No. B-220142, Estate No. 11-254383 (the "**Bankruptcy Action**") wherein D. Manning and Associates Inc. (the "**Potential Trustee**") has consented to act as trustee in bankruptcy of CDI.

76. Both the Murray River Project and Wapiti Project have significant potential for return to CDI and its creditors.

#### The Murray River Project

77. The Murray River project involves the construction, operation and decommissioning of an underground coal mine and supporting infrastructure near Tumbler Ridge British Columbia (the "**Murray River Project**"). The Murray River Project would produce six million tonnes of metallurgic coal per year for an estimated life of 25 years.
78. CDI (indirectly holding 20.4%) and the Huiyong Holding Group (55%) are selling their interests in the Murray River Coal Property.
79. The buyer of these interests in the Murray River Project has been conducting its due diligence. The due diligence period is longer than usual because of delays caused by COVID-19, however if this deal closes, CDI would obtain cash sufficient to pay out Zhonghe and Shougang International. If this buyer does not complete, CDI will seek another buyer for its interest in the Murray River Project.

#### The Wapiti River Project

80. The Wapiti River coal project is a large-scale underground mine at the senior exploration stage which is also located near Tumbler Ridge, British Columbia (the "**Wapiti Project**").
81. There are parties who are interested in making a significant investment in the Wapiti Project at this time. One investor has substantially completed its detailed technical review, including review of the exploration records, geology reports and a feasibility study. It also met with the author of the feasibility study to discuss the Wapiti project. This investor is generally in favour of this project, and will report the business terms of the potential investment to its internal investment review committee. I am generally optimistic that it will obtain the necessary approval from its review committee. If this transaction is completed, CDI will be provided with a substantial

amount of cash that will be sufficient to pay off all of the debt claimed by Shougang International and Zhonghe.

The Bankruptcy Action Potential Impact on CDI's Assets

82. I am quite concerned that the Bankruptcy Action and any bankruptcy order granted therein will hinder maximum value being obtained in connection with CDI's assets, including the Wapiti and Murray River Projects.
83. I am concerned that even the commencement of this CCAA proceeding may have a negative impact upon recovery in these two key projects. However, with CDI in control of its own assets, CDI expects the chance of recovery is substantially better than if this was done by the Potential Trustee who does not understand CDI's business nor would they have the same business network.
84. Some of CDI's other assets also have significant value, but I am quite concerned that selling these assets in a bankruptcy will not result in fair market value being obtained. This is particularly so in the case of CDI's shares in CKD because:
- (a) CKD is closely held by Zhonghe and Shougang Canada, who are both state owned enterprises, and I don't think an independent arm's length purchaser could easily step into CDI's place and purchase these shares from the Proposed Trustee; and
  - (b) the CKD Potential Security Interest creates further uncertainty and will devalue the CDI shares in CKD unnecessarily unless there is some determination made of the validity of this security and the debt (if any) linked to the Contingent Tax Indemnity.
85. CDI also understands that the Bankruptcy Action will result in a levy payable to the government under the BIA in any liquidation of assets.
86. CDI seeks the orders set out above pursuant to the CCAA to not only continue the development of the mining projects through this period, but also attract investment through a Sales and Investment Solicitation Process ("SISP") to pay out CDI's creditors.

Anticipated Restructuring

87. Should the Initial Order be granted, CDI intends to address its insolvency through a number of steps including:

- (a) running a claims process whereby creditors' claims can be properly valued with legal oversight and the validity (if any) of the CKD Potential Security Interest could be ascertained;
- (b) commencing the SISP, to be overseen by the proposed Monitor, that would seek to monetize core and non-core assets,
- (c) finalizing interim financing arrangements in order to obtain much-needed short term liquidity,
- (d) streamlining and focusing the go-forward operations of CDI, and
- (e) pursuing discussions with potential financiers in order to secure long-term funding for the projects that may form the basis of CDI's go-forward business (subject to the SISP),

all under the supervision of the Court and with the assistance of the Proposed Monitor.

88. CDI requires a stay of proceedings to maintain the status quo and protect and preserve the value of its business for its benefit and the benefit of their creditors and stakeholders while restructuring its affairs and pursue a value maximizing sales and investment process.

#### **Appointment of Monitor**

89. FTI Consulting Canada Inc. ("FTI") has consented to act as Monitor in these proceedings.

#### **Statutory Requirements of the CCAA**

90. The Petitioner is an entity to which the CCAA applies and has debts in excess of \$5,000,000.

91. As set out above, the Petitioner is in the midst of a liquidity and debt crisis. CDI is insolvent on a cash flow basis and is unable to meet its obligations as they generally come due.

92. FTI (in this capacity, the "**Proposed Monitor**") is prepared to act as Court-appointed monitor should an Initial Order be obtained.
93. In consultation with the Proposed Monitor, the Petitioner has prepared the Cash-Flow Statement.
94. I have reviewed the Cash-Flow Statement with personnel from the Proposed Monitor and believe it is accurate. As evidenced by the Cash-Flow Statement, the Petitioner requires approximately \$350,000 in interim funding in order to meet its obligations through to the end of the Cash-Flow Statement period, being August 29, 2022.

**Relief Requested**

**Stay of Proceedings**

95. A stay of proceedings is essential to maintaining the status quo in order to preserve the value of the Petitioner's business, while providing time for the Petitioner to explore, with the assistance of the Proposed Monitor, restructuring opportunities that will provide sufficient capital to stabilize the Petitioner's operations or an orderly liquidation of certain assets, either of which offers a greater benefit to numerous stakeholders over a bankruptcy or forced liquidation.
96. The Petitioner anticipates returning to Court for to seek a stay extension, among other potential relief, on or about June 13, 2022, for the Comeback Hearing, and to obtain the amended and restated Initial Order.

**Interim Financing**

97. As mentioned, it is anticipated that during the Cash-Flow Statement Period, the Petitioner will require financing in an amount of \$350,000.
98. The Petitioner is working with the proposed Monitor, FTI to finalized debtor-in-possession financing (the "**DIP Facility**").
99. It is expected that the terms of the DIP Facility will require that any funds advanced be secured by a second-ranking charge (subordinate only to the proposed Administration Charge) secured against the property of the Petitioners in accordance with the terms of the Initial Order (the "**DIP Facility Charge**").



100. The DIP Facility and the DIP Facility Charge are necessary to facilitate the restructuring activities of the Petitioner in these CCAA proceedings, as access to the funds proposed to be advanced under the contemplated DIP Facility would enhance the prospect of a viable compromise or arrangement being made in respect of the Petitioner.
101. The Petitioner is working diligently with FTI with respect to securing a DIP facility.

Administration Charge

102. The Petitioner's legal counsel, the Proposed Monitor and the Proposed Monitor's legal counsel are essential to the Petitioner's restructuring. They have each advised that they are prepared to continue to provide professional services to the Petitioner if they are protected by a charge over the assets, property and undertakings of the Petitioner in priority to all other charges.
103. An administration charge of \$500,000 (the "**Administration Charge**") is proposed to rank first in priority to all other encumbrances, including all other Court-ordered charges and any security interests.
104. The Administration Charge will ensure that the Petitioner will retain access to the professionals whose expertise and knowledge is required to pursue a successful restructuring or liquidation under the CCAA. The Petitioner believes that the Administration Charge is necessary to ensure their important continued participation in this process, and is fair and reasonable in the circumstances.

Directors' and Officers' Charge

105. The Petitioner is also seeking a charge in favour of the Petitioner's directors and officers, including myself, over the Petitioner's assets, property, and undertakings, in priority to all other charges other than the Administration Charge, up to a maximum of \$200,000 (the "**D&O Charge**"), to indemnify the directors in respect of liabilities they may incur as directors or officers of the Petitioner in these proceedings.
106. A successful restructuring requires the continued participation of the Petitioner's directors and officers. I have specialized expertise, decades of experience in this and related industries, and key relationships with the Petitioner's stakeholders. I have

knowledge that cannot be easily replaced or replicated. CDI therefore believes that the D&O Charge is fair and reasonable in the circumstances

107. I would like certainty with respect to potential personal liability if I continue in my current capacity for the benefit of the Petitioner's stakeholders during the CCAA proceedings, and will benefit from the D&O Charge.

Priority Ranking of Charges

108. The Petitioner proposes that the charges it seeks be secured against its assets, properties and undertaking ranking in priority as follows:

(a) firstly, the Administration Charge; and

(b) secondly, the D&O Charge;.

(collectively, the "Charges").

Monitor

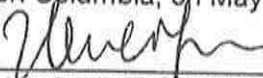
109. I believe that the Proposed Monitor has acted as a monitor in this and other Canadian jurisdictions and is qualified and competent to act as a monitor in these proceedings. At no time in the past two years, has the Proposed Monitor or any of its partners or managers been any of the Petitioner's auditor, accountant or employee.
110. The Petitioner has requested the Proposed Monitor serve as monitor in these proceedings, to provide court supervision and to generally assist the Petitioner with its restructuring efforts, and the Proposed Monitor has advised the Petitioner that it is willing to act as Monitor, if appointed. Now shown to me and attached as **Exhibit "O"** is a copy of the consent to act as monitor provided by the Proposed Monitor dated May 30, 2022.


CONCLUSION AND URGENCY

111. I swear this affidavit in support of the granting of an Initial Order for the Petitioner under the CCAA, including a stay of proceedings, for the purposes of providing the Petitioner with the opportunity to restructure its affairs or conduct an orderly liquidation of its assets.

112. The Petitioner requires the relief sought on an urgent basis due to their liquidity challenges and inability to pay creditors, as well as the pending Bankruptcy Action.
113. Without the stay of proceedings and other relief provided by the CCAA, the Petitioner will likely be forced into bankruptcy by the Bankruptcy Action. Completing a restructuring would benefit all of the Petitioner's stakeholders.
114. The Petitioner is seeking relief under the CCAA on short notice to preserve and stabilize its operations during the SISF, to prevent enforcement steps from being taken by its creditors, and to preserve the opportunity to restructure their business to offer the greatest benefit to numerous stakeholders.

AFFIRMED BEFORE ME at Vancouver,  
British Columbia, on May 31, 2022.

  
A Commissioner for taking Affidavits for  
British Columbia.

  
\_\_\_\_\_  
NAISHUN LIU

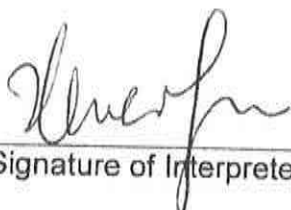
**WEIGUO HE**  
Barrister and Solicitor  
DLA Piper (Canada) LLP  
666 Burrard Street, Suite 2800  
Vancouver, BC V6C 2Z7  
604.643.6417

**ENDORSEMENT OF INTERPRETER**

I, Weiguo He, of 666 Burrard Street, Suite 2800, Vancouver, British Columbia, Lawyer, certify that:

1. I have a knowledge of the English and Mandarin Chinese 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 Chinese 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 Chinese language and the person swearing or affirming the affidavit appeared to fully understand the contents.

May 31, 2022  
Dated

  
Signature of Interpreter

**WEIGUO HE**  
*Barrister and Solicitor*  
**DLA Piper (Canada) LLP**  
666 Burrard Street, Suite 2800  
Vancouver, BC V6C 2Z7  
604.643.6417



No. S-224444  
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT,

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

AND

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

PETITIONERS

ORDER MADE AFTER APPLICATION  
(CLAIMS PROCESS ORDER)

BEFORE	)	THE HONOURABLE JUSTICE WALKER	)	June 28, 2022
	)		)	
	)		)	
	)		)	

ON THE APPLICATION of the Petitioner coming on for hearing at 800 Smithe Street, Vancouver, BC V6Z 2E1 on June 28, 2022 and on hearing Colin D. Brousson and Jeffrey D. Bradshaw, counsel for the Petitioner and those other counsel listed on **Schedule "A"** hereto; AND UPON READING the material filed herein; AND UPON READING the material filed, including the Second Report of the Monitor dated June 24, 2022; AND pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**"), the British Columbia Supreme Court Civil Rules and the inherent jurisdiction of this Honourable Court;

THIS COURT ORDERS that:

1. Unless otherwise stated herein, capitalized terms in this Claims Process Order shall have the meanings ascribed to them in **Schedule "B"** hereof.

This is Exhibit "C" referred to in the  
affidavit of *Chelsea Brousson*  
sworn before me at *Vancouver, BC*  
this *16* day of *April* 2025

A Commissioner for taking Affidavits  
for British Columbia



- 2 -

2. The time for service and filing of the Notice of Application is hereby abridged and validated such that this Notice of Application is properly returnable today and hereby dispenses with further service thereof.

### NOTICE OF CLAIMS PROCESS

3. Forthwith after the date of this Claims Process Order, and in any event within eight (8) Business Days following the date of this Claims Process Order, the Monitor shall cause a Claims Package to be sent, in accordance with paragraph 10 of this Claims Process Order, to each Creditor with a Claim as evidenced by the books and records of the Petitioner.
4. Forthwith after the date of this Claims Process Order, and in any event within five (5) Business Days following the date of this Claims Process Order, the Monitor shall cause the Newspaper Notice of Claims Process to be published in one Canadian national newspaper for one Business Day.
5. Forthwith after the date of this Claims Process Order, and in any event within two (2) Business Days following the date of this Claims Process Order, the Monitor shall post on the Monitor's Website copies of this Claims Process Order, the Claims Process Instruction Letter, a blank Proof of Claim form, a blank Notice of Dispute form, and the Newspaper Notice of Claims Process.
6. To the extent that any Creditor requests documents relating to the Claims Process prior to the Claims Bar Date, the Monitor shall forthwith cause a Claims Package to be sent to such Creditor or direct the Creditor to the documents posted on the Monitor's Website, and otherwise respond to any request relating to the Claims Process as may be appropriate in the circumstances.

### NOTICE SUFFICIENT

7. Each of the:
  - (a) Claims Process Instruction Letter attached as **Schedule "C"**;
  - (b) Proof of Claim form attached as **Schedule "D"**;
  - (c) Notice of Revision or Disallowance attached as **Schedule "E"**;

- (d) Notice of Dispute attached as **Schedule "F"**; and
- (e) Newspaper Notice of Claims Process attached as **Schedule "G"**.

are hereby approved in substantially the forms attached. Despite the foregoing, the Monitor may, from time to time and with the consent of the Petitioner, make minor changes to such forms as the Monitor considers necessary or desirable.

- 8. Publication of the Newspaper Notice of Claims Process, the sending to the Creditors of the Claims Package in accordance with this Claims Process Order, and completion of the other requirements of this Claims Process Order, shall constitute good and sufficient service and delivery of notice of this Claims Process Order, the Claims Process, and the Claims Bar Date on all Persons who may be entitled to receive notice thereof or of these proceedings and who may wish to assert a Claim, or who may wish to appear in these proceedings. No other notice or service need be given or made and no other document or material need be sent to or served upon any Person in respect of this Claims Process Order or the Claims Process.
- 9. The accidental failure to transmit or deliver the Claims Package by the Monitor in accordance with this Claims Process Order or the non-receipt of such materials by any Person entitled to delivery of such materials shall not invalidate the Claims Bar Date.

#### **SERVICE**

- 10. The Petitioner and the Monitor may, unless otherwise specified by this Claims Process Order, serve and deliver any letters, notices or other documents to Creditors or any other Person by forwarding copies thereof by prepaid ordinary mail, courier, personal delivery or electronic transmission to such Persons at their respective addresses or contact information as last shown on the records of the Petitioner or set out in a Proof of Claim. Any such service and delivery shall be deemed to have been received: (i) if sent by ordinary mail, on the third Business Day after mailing within British Columbia, the fifth Business Day after mailing within Canada (other than within British Columbia), and the seventh Business Day after mailing internationally; (ii) if sent by courier or personal delivery, on the next Business Day following dispatch; and (iii) if delivered by electronic transmission, by 5:00 p.m. on a Business Day, on such Business Day and if delivered

after 5:00 p.m. on a Business Day or other than on a Business Day, on the following Business Day.

11. Any Proof of Claim, Notice of Dispute or other notice or communication required to be provided or delivered by a Creditor to the Monitor or the Petitioner under this Claims Process Order shall be in writing in substantially the form, if any, provided for in this Claims Process Order and will be sufficiently given only if delivered by prepaid registered mail, courier, personal delivery or email addressed to:

FTI Consulting Canada Inc.  
Court-appointed Monitor of Canadian Dehua International Mines Group Inc.  
701 West Georgia Street  
Suite 1450, PO Box 10089  
Vancouver, BC V7Y 1B6

Attention: Craig Munro and Hailey Liu

Email: [Craig.Munro@fticonsulting.com](mailto:Craig.Munro@fticonsulting.com)  
[Hailey.Liu@fticonsulting.com](mailto:Hailey.Liu@fticonsulting.com)

Any such notice or communication delivered by a Creditor shall be deemed to be received upon actual receipt thereof by the Monitor if received before 5:00 p.m. (Vancouver time) on a Business Day or, if delivered after 5:00 p.m. (Vancouver time) on a Business Day or other than on a Business Day, on the next Business Day.

12. If, during any period in which notice or other communications are being given or sent pursuant to this Claims Process Order, a postal strike or postal work stoppage of general application should occur, such notice or other communications sent by ordinary or prepaid registered mail and then not received shall not, absent further Order, be effective and notices and other communications given hereunder during the course of any such postal strike or work stoppage of general application shall only be effective if given by courier, personal delivery, facsimile transmission or email in accordance with this Claims Process Order.
13. In the event this Claims Process Order is later amended by further Order, the Monitor shall post such further Order on the Monitor's Website and the Petitioner or the Monitor may serve such further Order on the Service List and such posting and service (if any) shall constitute adequate notice to Creditors of the amendments made.

## **CLAIMS PROCESS**

14. The Claims Process, including the Claims Bar Date, is hereby approved.
15. The Petitioner and the Monitor are hereby authorized to use reasonable discretion as to the adequacy of compliance with respect to the manner in which forms delivered hereunder are completed, executed and delivered and the time by which they are submitted, and may, where they are satisfied that a Claim has been adequately proven waive strict compliance with the requirements of this Claims Process Order. The Petitioner and the Monitor may request any further documentation from a Creditor that the Petitioner or the Monitor may require to enable them to determine the validity of a Claim.
16. Any Claims denominated in a currency other than Canadian Dollars shall be converted into Canadian Dollars at the applicable Bank of Canada exchange rates published on the Filing Date.
17. Copies of all forms delivered by or to a Creditor and determination of Claims by the Monitor, the Petitioner or the Court, as the case may be, shall be maintained by the Monitor and, subject to further order of the Court, such Creditor shall be entitled to have access thereto by appointment during normal business hours on written request to the Petitioner and the Monitor.

## **MONITOR'S ROLE IN CLAIMS PROCESS**

18. The Monitor, in addition to its prescribed rights, duties, responsibilities and obligations under the CCAA and under the Initial Order, as amended and restated, with the assistance of the Petitioner, shall implement and administer the Claims Process, including the determination of Claims of Creditors and the referral of any Claim to the Court as requested by the Petitioner or a Creditor from time to time, and is hereby directed and empowered to take such other actions and fulfill such other roles as are contemplated by this Claims Process Order.

**FILING PROOFS OF CLAIM**

19. Any Creditor who wishes to assert a Claim against the Petitioner shall file a Proof of Claim with the Monitor in the manner set out in paragraph 11 hereof so that the Proof of Claim is received by the Monitor by no later than the Claims Bar Date.
20. The Creditor, Canadian Kailuan Dehua Mines Co., Ltd. ("CKD"), shall not be required to file a Proof of Claim on the timelines as set out herein, but shall forthwith, but no later than July 22, 2022, provide to the Monitor and the Petitioner details of their Claim including, the maximum amount of its Claim and the components or elements of its Claim against the Petitioner.
21. CKD shall forthwith deliver a copy of the 2014 report of Ernst & Young relating to the Claim of CKD against the Petitioner to the Monitor, the Petitioner, and Shougang International Trade and Engineering Corporation and such parties will keep such report as confidential.
22. Any Person that does not file a Proof of Claim as provided for in paragraph 19 hereof so that such Proof of Claim is received by the Monitor on or before the Claims Bar Date, or such later date as the Monitor, with the prior written consent of the Petitioner, may agree to in writing or the Court may otherwise direct, shall:
  - (a) be and is hereby forever barred, estopped and enjoined from asserting or enforcing any Claim against the Petitioner and all such Claims shall be forever extinguished;
  - (b) not be permitted to vote on any Plan on account of any such Claim;
  - (c) not be permitted to participate in any distribution under any Plan, from the proceeds of any sale of the Petitioner's assets, or otherwise on account of any such Claim;
  - (d) not be entitled to receive any further notice in respect of the Claims Process; and
  - (e) the Monitor shall not be obligated to issue a Notice of Revision or Disallowance in respect of a Proof of Claim received after the Claims Bar Date.

23. Notwithstanding anything contained in this Claims Process Order, Unaffected Claims and Claims that cannot be compromised as identified in sections 5.1(2) and 19(2) of the CCAA shall not be extinguished or otherwise affected by this Claims Process Order and, for greater certainty, paragraph 20 shall not apply to such claims.

#### ADJUDICATION OF CLAIMS

24. Upon request, the Monitor shall provide the Petitioner's counsel with copies of any Proofs of Claim and any other documents delivered to the Monitor pursuant to the Claims Process.
25. The Petitioner and the Monitor shall review all Proofs of Claim received and the Monitor, in consultation with the Petitioner, shall accept, revise or disallow each Claim as set out therein provided. If the Monitor, after consultation with the Petitioner, wishes to revise or disallow a Claim, the Monitor shall send such Creditor a Notice of Revision or Disallowance advising that the Creditor's Claim as set out in its Proof of Claim has been revised or disallowed and the reasons therefor. If the Monitor does not send a Notice of Revision or Disallowance to a Creditor, the Claim as set out in the applicable Proof of Claim shall be a Proven Claim. Unless otherwise agreed to by the Monitor, the Petitioner with the consent of the Monitor, or ordered by the Court, all Claims set out in Proofs of Claim that are filed after the Claims Bar Date, are deemed to be disallowed, and the Petitioner and the Monitor need not deliver a Notice of Revision or Disallowance in respect of such Claim.
26. Any Creditor who is sent a Notice of Revision or Disallowance pursuant to paragraph 23 of this Claims Process Order and who wishes to dispute such Notice of Revision or Disallowance must, within ten (10) days after the date of the applicable Notice of Revision or Disallowance or such other date as may be agreed to by the Monitor or the Petitioner with the consent of the Monitor, deliver a completed Notice of Dispute to the Monitor.
27. If a Creditor who is sent a Notice of Revision or Disallowance pursuant to paragraph 23 hereof fails to deliver a Notice of Dispute within the time limits set forth in paragraph 24 hereof, then the Proven Claim of such Creditor, if any, shall be as set out in the applicable Notice of Revision or Disallowance.



28. The Claims Bar Date, and the amount and status of every Proven Claim as determined under the Claims Process, including any determination as to the nature, amount, value, priority or validity of any Claim, shall be final for all purposes including in respect of the Plan and voting thereon (unless otherwise provided for in any subsequent Order), and for any distribution made to Creditors of the Petitioner, whether in these CCAA Proceedings or in any of the proceedings authorized by this Court or permitted by statute, including a receivership proceeding or a bankruptcy affecting the Petitioner.
29. Notwithstanding anything to the contrary herein, the Monitor may at any time:
- (a) refer a Claim for resolution to the Court for any purpose where in the Monitor's discretion, in consultation with the Petitioner, such a referral is preferable or necessary for the resolution or valuation of the Claim;
  - (b) in writing, accept the amount of a Claim for voting purposes without prejudice to the right of the Petitioner or any affected Officer to later contest the validity or amount of the Claim;
  - (c) with the consent of the Petitioner, in writing, settle and resolve any Disputed Claims;
  - (d) set down an application before the Court to resolve a Claim wherein a Creditor has properly issued a Notice of Dispute under paragraph 24 hereof, whereby the Court will hear the application as a hearing *de novo*.

#### NOTICE OF TRANSFEREES

30. If the holder of a Claim has transferred or assigned the whole of such Claim to another Person, neither the Monitor nor the Petitioner shall be obligated to give notice or otherwise deal with the transferee or assignee of such Claim in respect thereof unless and until actual written notice of such transfer or assignment, together with satisfactory evidence of such transfer or assignment, has been received and acknowledged in writing by the Petitioner and the Monitor on or before 5:00 p.m. (Vancouver time) on the date that is seven (7) days prior to the date of the Meeting. Subject to further order of the Court, any transferee or assignee of a Claim: (i) shall for the purposes of the Claims Process be bound by any notices given or steps taken in respect of such Claim in accordance with the Claims Process prior to receipt and acknowledgement by the

Petitioner and the Monitor of satisfactory evidence of such transfer or assignment; (ii) takes the Claim subject to any defences or rights which the Petitioner may have in respect thereof including any right of setoff to which the Petitioner may be entitled. For greater certainty: (i) a transferee or assignee of a Claim is not entitled to set off, apply, merge, consolidate or combine any Claims assigned or transferred to it against or on account or in reduction of any amounts owing by such Person to the Petitioner; and (ii) Claims acquired by a transferee or assignee will not merge, consolidate or combine with any of the transferee's or assignee's other Claims.

31. Reference to a transfer or assignment in this Claims Process Order includes a transfer or assignment whether absolute or intended as security.

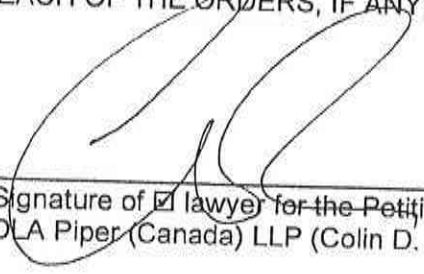
#### GENERAL

32. THIS COURT REQUESTS the aid and recognition of other Canadian and foreign Courts, tribunals, regulatory or administrative bodies to act in aid of and to be complementary to this Court in carrying out the terms of this Claims Process 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 Petitioner and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Claims Process Order.
33. The Monitor: (i) in carrying out its obligations under this Claims Process Order, shall have all of the protections given to it by the CCAA and the Initial Order or any other Order, or as an officer of this Court, including the stay of proceedings in its favour, (ii) shall incur no liability or obligation as a result of the carrying out of its obligations under this Claims Process Order, save and except in the event of any gross negligence or wilful misconduct on the part of the Monitor, (iii) shall be entitled to rely on the books and records of the Petitioner, and any information provided by the Petitioner, all without independent investigations, and (iv) shall not be liable for any claims or damages resulting from any errors or omissions in such books, records or information.
34. Subject to further Order of this Court, in the event of any conflict, inconsistency, ambiguity or difference between the provision of the Plan and this Claims Process Order, the terms, conditions and provision of the Plan shall govern and be paramount, and any such provision of this Claims Process Order shall be deemed to be amended to

the extent necessary to eliminate any such conflict, inconsistency, ambiguity or difference.

35. The Petitioner and the Monitor may apply to this Court from time to time for directions from the Court with respect to this Claims Process Order and the Claims Process, or for such further Order or Orders as either of them may consider necessary or desirable to amend, supplement or replace this Claims Process Order, including the schedules to this Claims Process Order.
36. Endorsement of this Claims Process Order by counsel appearing on this application, other than counsel for the Petitioner, is hereby dispensed with.

THE FOLLOWING PARTIES APPROVE THE FORM OF THIS ORDER AND CONSENT TO EACH OF THE ORDERS, IF ANY, THAT ARE INDICATED ABOVE AS BEING BY CONSENT:

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

BY THE COURT

  
REGISTRAR



SCHEDULE "A"

NAME OF COUNSEL	PARTY REPRESENTING
Jordan Schultz and Eamonn Watson	China Shougang International Trade & Engineering Corporation
David Gruber and Devon A. Luca	The Monitor, FTI Consulting Canada Inc.
Kibben Jackson and Mihai Tomos	Canadian Kailuan Dehua Mines Co., Ltd.

**SCHEDULE "B"****DEFINITIONS**

1. **"Affected Creditor"** has the meaning ascribed to it in the Plan;
2. **"ARIO"** means the Amended and Restated Initial Order made June 9, 2022, in the CCAA Proceedings, as may be amended and extended from time to time;
3. **"Business Day"** means any day other than a Saturday, Sunday or a day on which banks in Vancouver, British Columbia are authorized or obligated by applicable law to close or otherwise are generally closed;
4. **"CCAA"** means the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended;
5. **"CCAA Charges"** means, collectively, the Administration Charge, the Interim Lender's Charge and the D&O Charge (as such terms are defined in the ARIO) and any other charge over the Petitioner's assets created by any other Order;
6. **"CCAA Proceedings"** means the proceedings commenced by the Petitioner under the CCAA on the Filing Date in Supreme Court of British Columbia Action No. S-224444, Vancouver Registry;
7. **"Claim"** means any Pre-Filing Claim, that is not yet a Proven Claim;
8. **"Claims Bar Date"** means 5:00 p.m. (Vancouver time) on August 15, 2022, or such other date as may be ordered by the Court;
9. **"Claims Package"** means the document package which shall include copies of: (i) the Claims Process Instruction Letter; and (ii) a blank Proof of Claim form;
10. **"Claims Process"** means the call for and determination of Claims to be undertaken and administered by the Monitor and the Petitioner pursuant to the terms of this Claims Process Order;
11. **"Claims Process Instruction Letter"** means the letter explaining how to complete a Proof of Claim;
12. **"Court"** means the Supreme Court of British Columbia;
13. **"Creditor"** means any Person having a Claim and includes, without limitation, the transferee or assignee of a transferred or assigned Claim that is recognized as a Creditor in accordance with paragraph 28 of this Claims Process Order, or a trustee, liquidator, receiver, manager, or other Person acting on behalf of such Person;

14. **"Disputed Claim"** means a Claim which has not been determined to be a Proven Claim in accordance with the process set forth in this Claims Process Order;
15. **"Filing Date"** means June 3, 2022;
16. **"includes"** means includes, without limitation, and **"including"** means including, without limitation;
17. **"Meeting"** means the meeting of Affected Creditors held for the purpose of considering and voting on the Plan pursuant to the CCAA, and includes any adjournment, postponement or other rescheduling of such meeting;
18. **"Monitor"** means FTI Consulting Canada Inc. in its capacity as Court-appointed Monitor of the Petitioner pursuant to the ARIO;
19. **"Monitor's Website"** means the Monitor's website located at <http://cfcanada.fticonsulting.com/CanadianDehuaInternational/>;
20. **"Newspaper Notice of Claims Process"** means the notice of the Claims Process to be published in accordance with paragraph 4 of this Claims Process Order, calling for any and all Claims of Creditors, which shall be substantially in the form attached hereto as Schedule "G";
21. **"Notice of Dispute"** means the notice that may be delivered by a Creditor who has received a Notice of Revision or Disallowance disputing such Notice of Revision or Disallowance;
22. **"Notice of Revision or Disallowance"** means the notice that may be delivered by the Monitor to a Creditor advising that the Monitor, in consultation with the Petitioner, has revised or disallowed in whole or in part such Creditor's Claim as set out in its Proof of Claim;
23. **"Order"** means an order of the Court made in these CCAA Proceedings;
24. **"Person"** means any individual, firm, partnership, joint venture, venture capital fund, association, trust, trustee, executor, administrator, legal personal representative, estate, group, body corporate (including a limited liability company and an unlimited liability company), corporation, unincorporated association or organization, governmental authority, syndicate or other entity, whether or not having legal status;
25. **"Plan"** means a plan of compromise, arrangement and reorganization of the Petitioner under the CCAA;
26. **"Post-Filing Claim"** means any claim of any Person that may be asserted or made in whole or in part against the Petitioner in connection with any indebtedness, liability or obligation of any kind which arose in respect of obligations first incurred on or after the



Filing Date and any interest thereon, including any obligation of the Petitioner to Persons who have supplied or shall supply services, utilities, goods or materials or who have or shall have advanced funds to the Petitioner on or after the Filing Date, but only to the extent of their claims in respect of the supply of such services, utilities, goods, materials or advancement of funds on or after the Filing Date;

27. **"Pre-Filing Claim"** means any right or claim of any Person that may be asserted or made in whole or in part against the Petitioner, whether or not asserted or made, in connection with any indebtedness, liability or obligation of any kind whatsoever, and any interest accrued thereon or costs payable in respect thereof, in existence on, or which is based on an event, fact, act or omission which occurred in whole or in part prior to the Filing Date, at law or in equity, including by reason of the commission of a tort (intentional or unintentional), any breach of contract or other agreement (oral or written), any breach of duty (including, without limitation, any legal, statutory, equitable or fiduciary duty), any right of ownership of or title to property or assets or right to a trust or deemed trust (statutory, express, implied, resulting, constructive or otherwise) or for any reason whatsoever against the Petitioner or its property or assets, and whether or not any indebtedness, liability or obligation is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, present, future, known or unknown, by guarantee, surety or otherwise, and whether or not any right or claim is executory or anticipatory in nature including any right or ability of any Person to advance a claim for contribution or indemnity or otherwise with respect to any matter, action, cause or chose in action whether existing at present or commenced in the future, together with any other rights or claims not referred to above that are or would be claims provable in bankruptcy had the Petitioner become bankrupt on the Filing Date, and for greater certainty, includes Tax Claims; provided, however, that "Pre-Filing Claim" shall not include an Unaffected Claim or any Claim which is not a "claim" as defined in the CCAA;
28. **"Proof of Claim"** means the form to be completed and filed by a Creditor setting forth its Claim to establish a Proven Claim against the Petitioner;
29. **"Proven Claim"** means the amount, status and validity of the Claim of a Creditor finally determined in accordance with the Claims Process which shall be final for all purposes, including for voting and distribution purposes under any Plan. A Claim becomes a Proven Claim only in accordance with the process set forth in this Claims Process Order if:
- (a) a Creditor files a Proof of Claim by the Claims Bar Date, and the Monitor has not sent a Notice of Revision or Disallowance and has, in consultation with the Petitioner, accepted the Claim as a Proven Claim;
  - (b) the Creditor sent a Notice of Dispute by the deadline as set out in paragraph 24 of this Claims Process Order and the Monitor, with the consent of the Petitioner, and the Creditor have consensually resolved the Disputed Claim;

- (c) the Court has made an Order to allow a Claim and no appeal or application for leave to appeal therefrom has been taken or served on either party, or if any appeal(s) or application(s) for leave to appeal or further appeal have been taken therefrom or served on either party, any (and all) appeal(s) or application(s) have been dismissed, determined or withdrawn;
30. **"Secured Charge"** means any Secured Claim which after the delivery of the Proof of Claim in accordance with this Claims Process Order:
- (a) has been admitted in whole or in part pursuant to the provisions of this Claims Process Order; or
  - (b) has been disallowed, which disallowance has subsequently been set aside in whole or in part by the Court;
31. **"Secured Claim"** means any right or claim of any Person that may be asserted or made in whole or in part against the Petitioner, whether or not asserted or made, in connection with any indebtedness, liability or obligation of any kind whatsoever, and any interest accrued thereon or costs payable in respect thereof, in existence on, or which is based on, an event, fact, act or omission which occurred in whole or in part prior to the Filing Date which is secured by a valid and perfected security interest in the Petitioner's assets;
32. **"Secured Creditor"** means a Creditor with a Secured Charge, to the extent of that Secured Charge;
33. **"Service List"** means the service list kept by the Monitor and the Petitioner in the CCAA Proceedings and posted on the Monitor's Website;
34. **"Tax Claim"** means any Claim against the Petitioner for any taxes in respect of any taxation year or period ending on or prior to the Filing Date, and in any case where a taxation year or period commences on or prior to the Filing Date, for any taxes in respect of or attributable to the portion of the taxation period commencing prior to the Filing Date and up to and including the Filing Date. For greater certainty, a Tax Claim shall include, without limitation, any and all Claims of any Taxing Authority in respect of transfer pricing adjustments and any Canadian or non-resident tax related thereto;
35. **"Taxing Authorities"** means Her Majesty the Queen in right of Canada, Her Majesty the Queen in right of any province or territory of Canada, Canada Revenue Agency, any similar revenue or taxing authority of each and every province or territory of Canada and any political subdivision thereof, and "Taxing Authority" means any one of the Taxing Authorities;
36. **"Unaffected Claim"** means, collectively, and subject to further order of this Court:
- (a) any Post Filing Claim; and

- (b) any amounts secured by any of the CCAA Charges;
37. **"Unaffected Creditors"** means holders of Unaffected Claims;
38. All references herein as to time shall mean local time in Vancouver, British Columbia, Canada, and any reference to an event occurring on a Business Day shall mean prior to 5:00 p.m. on such Business Day unless otherwise indicated herein and any event that occurs on a day that is not a Business Day shall be deemed to occur on the next Business Day.
39. Dollar amounts referenced in this Claims Process Order are expressed in Canadian dollars unless otherwise specified.
40. All references to the singular herein include the plural and the plural include the singular.

**SCHEDULE "C"**

**Claims Process Instruction Letter**

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**Re: Canadian Dehua International Mines Group Inc. ( 加拿大德华国际矿业集团公司 )**

**This is an important document and should be reviewed in its entirety. You may also want to retain Canadian legal counsel to ensure your rights are protected.**

**这是一份重要的文件，应该阅读其全部内容。您也许需要聘请加拿大律师确保您的权利得到保护。**

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

CLAIMS PROCESS INSTRUCTION LETTER

ALL CAPITALIZED TERMS NOT OTHERWISE DEFINED HEREIN HAVE THE MEANING  
GIVEN IN APPENDIX "A" HERETO

CDI has identified you as a Person with a possible Claim against CDI. This Claims Process Instruction Letter provides instructions regarding how to participate in the Claims Process.

1. Overview of the Claims Process

On June 28, 2022, on application by CDI, the Supreme Court of British Columbia (the "**Court**") granted an Order (the "**Claims Process Order**") in proceedings commenced under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**") authorizing CDI to initiate a process (the "**Claims Process**") whereby Creditors can prove their Claims against CDI.

A copy of the Claims Process Order is posted on the Monitor's Website at:  
<http://cfcanada.fticonsulting.com/CanadianDehuaInternational/>

Participation in the Claims Process is intended for any Person asserting a Claim (other than an Unaffected Claim) of any kind or nature whatsoever against CDI which arose before the Filing Date.

**You must file a Proof of Claim (as referenced in paragraph 2 below) to avoid the barring of any Claim which you may have against CDI.**

All enquires or questions regarding the Claims Process should be addressed to the Court-appointed Monitor at:

FTI Consulting Canada Inc.  
701 West Georgia Street  
Suite 1450, PO Box 10089  
Vancouver, BC V7Y 1B6

Attention: Craig Munro and Hailey Liu

Telephone: 1.604.757.6108  
1.403.454.6040

Email: [Craig.Munro@fticonsulting.com](mailto:Craig.Munro@fticonsulting.com)  
[Hailey.Liu@fticonsulting.com](mailto:Hailey.Liu@fticonsulting.com)



## 2. For Persons Submitting a Proof of Claim

You are required to file a Proof of Claim, in the form enclosed herewith, and ensure that it is received by the Monitor by 5:00 p.m. (Vancouver time) on August 15, 2022 (the "Claims Bar Date") to avoid the barring and extinguishment of any Claim you may have against CDI.

Additional Proof of Claim forms can be found on the Monitor's website at <http://cfcanada.fticonsulting.com/CanadianDehuaInternational/> or obtained by contacting the Monitor at the address indicated above and providing particulars as to your name, address, facsimile number and e-mail address. Once the Monitor has this information, you will receive, as soon as practicable, additional Proof of Claim forms.

If you are submitting your Proof of Claim electronically, please submit your Proof of Claim form, and any accompanying documentation, in one PDF file.

## 3. Claims Process Order

This Claims Process Instruction Letter is provided to assist you in participating in the Claims Process. If anything in this Claims Process Instruction Letter differs from the terms of the Claims Process Order, the terms of the Claims Process Order will govern.

**IN ACCORDANCE WITH THE TERMS OF THE CLAIMS PROCESS ORDER, IF YOU DO NOT FILE A PROOF OF CLAIM IN RESPECT OF YOUR CLAIM WITH THE MONITOR BY THE CLAIMS BAR DATE:**

- (a) YOUR CLAIM WILL BE FOREVER BARRED AND EXTINGUISHED AND YOU WILL BE PROHIBITED FROM MAKING OR ENFORCING A CLAIM AGAINST CDI;
- (b) YOU WILL NOT BE PERMITTED TO VOTE ON ANY PLAN OF ARRANGEMENT OR COMPROMISE OF CDI OR BE ENTITLED TO ANY FURTHER NOTICE OR DISTRIBUTION UNDER SUCH PLAN, IF ANY;
- (c) YOU WILL NOT BE ENTITLED TO ANY PROCEEDS OF SALE OF ANY ASSETS OF CDI; AND
- (d) YOU WILL NOT OTHERWISE BE ENTITLED TO PARTICIPATE AS A CREDITOR IN THE CCAA PROCEEDINGS.

**APPENDIX "A"****Defined Terms**

- **"ARIO"** means the Amended and Restated Initial Order made June 9, 2022, in the CCAA Proceedings, as may be amended and extended from time to time;
- **"CCAA Charges"** means, collectively, the Administration Charge, the Interim Lender's Charge and the D&O Charge (as such terms are defined in the ARIO) and any other charge over CDI's assets created by any other Order;
- **"CCAA Proceedings"** means the proceedings commenced by CDI under the CCAA on the Filing Date in Supreme Court of British Columbia Action No. S-224444, Vancouver Registry;
- **"Claim"** means: means any Pre-Filing Claim, that is not yet a Proven Claim;
- **"Creditor"** means any Person having a Claim and includes, without limitation, the transferee or assignee of a transferred or assigned Claim that is recognized as a Creditor in accordance with paragraph 28 of this Claims Process Order, or a trustee, liquidator, receiver, manager, or other Person acting on behalf of such Person;
- **"Filing Date"** means June 3, 2022;
- **"Initial Order"** means the Order of the Court made June 3, 2022 in the CCAA Proceedings, as may be amended and extended from time to time;
- **"Monitor"** means FTI Consulting Canada Inc. in its capacity as Court-appointed Monitor of CDI pursuant to the Initial Order;
- **"Person"** means any individual, firm, partnership, joint venture, venture capital fund, association, trust, trustee, executor, administrator, legal personal representative, estate, group, body corporate (including a limited liability company and an unlimited liability company), corporation, unincorporated association or organization, governmental authority, syndicate or other entity, whether or not having legal status;
- **"Post-Filing Claim"** means any claim of any Person that may be asserted or made in whole or in part against the Petitioner in connection with any indebtedness, liability or obligation of any kind which arose in respect of obligations first incurred on or after the Filing Date and any interest thereon, including any obligation of the Petitioner to Persons who have supplied or shall supply services, utilities, goods or materials or who have or shall have advanced funds to the Petitioner on or after the Filing Date, but only to the extent of their claims in respect of the supply of such services, utilities, goods, materials or advancement of funds on or after the Filing Date;

- **"Pre-Filing Claim"** means any right or claim of any Person that may be asserted or made in whole or in part against the Petitioner, whether or not asserted or made, in connection with any indebtedness, liability or obligation of any kind whatsoever, and any interest accrued thereon or costs payable in respect thereof, in existence on, or which is based on an event, fact, act or omission which occurred in whole or in part prior to the Filing Date, at law or in equity, including by reason of the commission of a tort (intentional or unintentional), any breach of contract or other agreement (oral or written), any breach of duty (including, without limitation, any legal, statutory, equitable or fiduciary duty), any right of ownership of or title to property or assets or right to a trust or deemed trust (statutory, express, implied, resulting, constructive or otherwise) or for any reason whatsoever against the Petitioner or its property or assets, and whether or not any indebtedness, liability or obligation is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, present, future, known or unknown, by guarantee, surety or otherwise, and whether or not any right or claim is executory or anticipatory in nature including any right or ability of any Person to advance a claim for contribution or indemnity or otherwise with respect to any matter, action, cause or chose in action whether existing at present or commenced in the future, together with any other rights or claims not referred to above that are or would be claims provable in bankruptcy had the Petitioner become bankrupt on the Filing Date, and for greater certainty, includes Tax Claims; provided, however, that "Pre-Filing Claim" shall not include an Unaffected Claim or any Claim which is not a "claim" as defined in the CCAA, but shall include Secured Claims, notwithstanding their not being affected by the Plan;
- **"Secured Charge"** means any secured Claim which after the delivery of the Proof of Claim in accordance with this Claims Process Order: (a) has been admitted in whole or in part pursuant to the provisions of this Claims Process Order; or (b) has been disallowed, which disallowance has subsequently been set aside in whole or in part by the Court;
- **"Secured Claim"** means any right or claim of any Person that may be asserted or made in whole or in part against the Petitioner, whether or not asserted or made, in connection with any indebtedness, liability or obligation of any kind whatsoever, and any interest accrued thereon or costs payable in respect thereof, in existence on, or which is based on, an event, fact, act or omission which occurred in whole or in part prior to the filing date which is secured by a valid and perfected security interest in the Petitioner's assets;
- **"Secured Creditor"** means a Creditor with a Secured Charge, to the extent of that Secured Charge;
- **"Tax Claim"** means any Claim against CDI for any taxes in respect of any taxation year or period ending on or prior to the Filing Date, and in any case where a taxation year or period commences on or prior to the Filing Date, for any taxes in respect of or attributable to the portion of the taxation period commencing prior to the Filing Date and up to and including the Filing Date. For greater certainty, a Tax Claim shall include, without limitation, any and all Claims of any Taxing Authority in respect of transfer pricing adjustments and any Canadian or non-resident tax related thereto;

- **"Taxing Authorities"** means Her Majesty the Queen in right of Canada, Her Majesty the Queen in right of any province or territory of Canada, Canada Revenue Agency, any similar revenue or taxing authority of each and every province or territory of Canada and any political subdivision thereof, and "Taxing Authority" means any one of the Taxing Authorities;
- **"Unaffected Claim"** means, collectively, and subject to further order of this Court:
  - any Post Filing Claim; and
  - any claim secured by any of the CCAA Charges.

**SCHEDULE "D"****Proof of Claim Form****IN THE MATTER OF A PLAN OF COMPROMISE AND ARRANGEMENT OF CANADIAN  
DEHUA INTERNATIONAL MINES GROUP INC. ("CDI")****PROOF OF CLAIM**

ALL CAPITALIZED TERMS NOT OTHERWISE DEFINED HEREIN HAVE THE MEANINGS GIVEN TO THEM IN THE ENCLOSED CLAIMS PROCESS INSTRUCTION LETTER, INCLUDING APPENDIX "A" THERETO.

Please read the enclosed Claims Process Instruction Letter carefully prior to completing this Proof of Claim.

Please review the Claims Process Order, which is posted to the Monitor's Website at: <http://cfcanada.fticonsulting.com/CanadianDehuaInternational/>

**1. Particulars of Claim**

Please complete the following (the name and contact information should be of the original Creditor, regardless of whether all or any portion of the Claim has been assigned).

Full Legal Name:	
Full Mailing Address:	
Telephone Number:	
Facsimile Number:	
E-mail address:	
Attention (Contact Person):	

Has all or part of the Claim been assigned by the Creditor to another party?

Yes: ☐

No: ☐

## 2. Particulars of Assignee(s) (If any)

Please complete the following if all or a portion of the Claim has been assigned. Insert full legal name of the assignee(s) of the Claim. If there is more than one assignee, please attach a separate sheet with the required information.

Full Legal Name of Assignee:	
Full Mailing Address of Assignee:	
Telephone Number of Assignee:	
Facsimile Number of Assignee:	
E-mail address of Assignee:	
Attention (Contact Person):	

## 3. Proof of Claim

I, \_\_\_\_\_ (name), of \_\_\_\_\_  
(City and Province, State or Territory) do hereby certify that:

- ☐ I am a Creditor; or
- ☐ I am the \_\_\_\_\_ (state position or title) of \_\_\_\_\_ (name of corporate Creditor), which is a Creditor;
- I have knowledge of all the circumstances connected with the Claim referred to below;
- I (or the corporate Creditor, as applicable) have a Claim against CDI as follows:

PRE-FILING CLAIM (as at June 3, 2022):

\$ \_\_\_\_\_ (insert amount of Claim)

Note: Claims should be submitted in Canadian Dollars converted using the applicable Bank of Canada exchange rate published on the Filing Date.



#### 4. Nature of Claim

(Check and complete appropriate category)

- [ ] A. UNSECURED CLAIM OF \$\_\_\_\_\_. That in respect of this debt, no assets CDI are pledged or held as security.
- [ ] B. SECURED CLAIM OF \$\_\_\_\_\_ That in respect of this debt, assets CDI valued at \$\_\_\_\_\_ are pledged to or held by me as security, particulars of which are as follows:

\_\_\_\_\_  
 \_\_\_\_\_  
 (Give full particulars of the security, including the date on which the security was obtained, and attach a copy of any security documents.)

#### 5. Particulars of Claims

Please attach details concerning the particulars of the Creditor's Claims, as well as any security held by the Creditor.

(Provide all particulars of the Claims and supporting documentation, including the amount, description of transaction(s) or agreement(s) giving rise to the Claims, name of any guarantor which has guaranteed the Claims, amounts of invoices, particulars of all credits, discounts, etc. claimed, description of the security, if any, granted by CDI to the Creditor or asserted by the Creditor and estimated value of such security.)

#### 6. Filing of Claims

This Proof of Claim must be received by the Monitor by no later than 5:00 p.m. (Vancouver time) on August 15, 2022 (the "Claims Bar Date").

**IN ACCORDANCE WITH THE TERMS OF THE CLAIMS PROCESS ORDER, THE FAILURE TO FILE YOUR PROOF OF CLAIM BY THE CLAIMS BAR DATE, WILL RESULT IN YOUR CLAIM BEING FOREVER BARRED AND EXTINGUISHED, AND YOU WILL BE PROHIBITED FROM MAKING OR ENFORCING A CLAIM AGAINST CDI.**

This Proof of Claim must be delivered by prepaid registered mail, personal delivery, e-mail, or courier to the following addresses:

FTI Consulting Canada Inc.  
 701 West Georgia Street  
 Suite 1450, PO Box 10089  
 Vancouver, BC V7Y 1B6

Attention: Craig Munro and Hailey Liu

Telephone: 1.604.757.6108  
1.403.454.6040

Email: [Craig.Munro@fticonsulting.com](mailto:Craig.Munro@fticonsulting.com)  
[Hailey.Liu@fticonsulting.com](mailto:Hailey.Liu@fticonsulting.com)

DATED this \_\_\_\_\_ day of \_\_\_\_\_, 2022

\_\_\_\_\_  
Witness Signature

\_\_\_\_\_  
Signature of Creditor

\_\_\_\_\_  
Print Name of Witness

\_\_\_\_\_  
Print Name of Creditor

*If the Creditor is other than an individual,  
print name and title of authorized  
signatory*

\_\_\_\_\_  
Name

\_\_\_\_\_  
Title

E-1

## SCHEDULE "E"

## Notice of Revision or Disallowance

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

## NOTICE OF REVISION OR DISALLOWANCE

ALL CAPITALIZED TERMS NOT OTHERWISE DEFINED HEREIN HAVE THE SAME  
MEANINGS AS ARE GIVEN TO THEM IN THE CLAIMS PROCESS ORDER

Full Legal Name of Creditor: \_\_\_\_\_

Reference #: \_\_\_\_\_

Pursuant to the Order of the Supreme Court of British Columbia granted to CDI (as may be amended, restated or supplemented from time to time, the "**Claims Process Order**"), FTI Consulting Canada Inc., in its capacity as Monitor of CDI, hereby gives you notice that the Monitor, in consultation with CDI, has reviewed your Proof of Claim and has revised or disallowed your Claim as follows:

	Proof of Claim as Submitted	Revised Claim as Accepted (\$CAD)	Secured (\$CAD)	Unsecured (\$CAD)
Total Claim				

Reason for the Revision or Disallowance:

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If you do not agree with this Notice of Revision or Disallowance please take notice of the following:

**If you intend to dispute a Notice of Revision or Disallowance, you must deliver a Notice of Dispute, in the form attached hereto, by prepaid registered mail, personal delivery, email (in .pdf format) or courier to the address indicated herein so that such Notice of Dispute is received by the Monitor by 5:00 p.m. (Vancouver time) on [Date], being ten (10) days after the date of this Notice of Revision or Disallowance, or such other date as may be agreed to by the Monitor.**

**If you do not deliver a Notice of Dispute by the time specified, the nature and amount of Your Claim, if any, shall be as set out in this Notice of Revision or Disallowance.**

Address for service of Notice of Dispute:

FTI Consulting Canada Inc.  
701 West Georgia Street  
Suite 1450, PO Box 10089  
Vancouver, BC V7Y 1B6

Attention: Craig Munro and Hailey Liu

Telephone: 1.604.757.6108  
1.403.454.6040

Email: [Craig.Munro@fticonsulting.com](mailto:Craig.Munro@fticonsulting.com)  
[Hailey.Liu@fticonsulting.com](mailto:Hailey.Liu@fticonsulting.com)

Dated at \_\_\_\_\_ this \_\_\_\_\_ day of \_\_\_\_\_, 2022.

FTI Consulting Canada Inc.  
in its capacity as the Court-appointed Monitor of Canadian Dehua International Mines Group Inc.

Per: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

F-1

## SCHEDULE "F"

## Notice of Dispute

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

NOTICE OF DISPUTE

ALL CAPITALIZED TERMS NOT OTHERWISE DEFINED HEREIN HAVE THE SAME  
MEANINGS AS ARE GIVEN TO THEM IN THE CLAIMS PROCESS ORDER

Pursuant to the Order of the Supreme Court of British Columbia granted to CDI (as may be amended, restated or supplemented from time to time, the "**Claims Process Order**"), I/we hereby give you notice of my/our intention to dispute the Notice of Revision or Disallowance bearing Reference Number \_\_\_\_\_ and dated \_\_\_\_\_ issued by FTI Consulting Canada Inc., in its capacity as Monitor of CDI, in respect of my/our Claim.

Full Legal Name of Original Creditor: \_\_\_\_\_

	Reviewed Claim as Accepted (\$CAD)	Reviewed Claim as Disputed (\$CAD)	Secured (\$CAD)	Unsecured (\$CAD)
Total Claim				

*Reasons for Dispute* (attach additional sheet and copies of all supporting documentation if necessary):

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Signature of Original Creditor or  
Representative of Corporate Creditor \_\_\_\_\_

Date \_\_\_\_\_

Print Name \_\_\_\_\_

Telephone Number \_\_\_\_\_

Facsimile Number \_\_\_\_\_

Email address \_\_\_\_\_

Full Mailing Address \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**This form and supporting documentation is to be returned by prepaid registered mail, personal delivery, e-mail (in pdf format), courier or facsimile transmission to the address indicated herein and is to be received by the Monitor by 5:00 p.m. (Vancouver time) on [DATE], 2022 being ten (10) days after the date of the Notice of Revision or Disallowance, or such other date as may be agreed to by the Monitor.**

Where this Notice of Dispute is being submitted electronically, please submit one pdf file with the file named as follows: [insert legal name of creditor]nod.pdf.

Address for service of Notices of Dispute:

FTI Consulting Canada Inc.  
701 West Georgia Street  
Suite 1450, PO Box 10089  
Vancouver, BC V7Y 1B6

Attention: Craig Munro and Hailey Liu

Telephone: 1.604.757.6108  
1.403.454.6040

Email: [Craig.Munro@fticonsulting.com](mailto:Craig.Munro@fticonsulting.com)  
[Hailey.Liu@fticonsulting.com](mailto:Hailey.Liu@fticonsulting.com)



## SCHEDULE "G"

## Newspaper Notice of Claims Process

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

NEWSPAPER NOTICE

SOLICITATION OF CLAIMS AGAINST CANADIAN DEHUA INTERNATIONAL MINES GROUP  
INC. ("CDI")

On June 3, 2022, CDI was placed under creditor protection pursuant to the *Companies' Creditors Arrangement Act (Canada)*, R.S.C. 1985, C-36, as amended (the "**CCAA Proceedings**"), by Order of the Supreme Court of British Columbia (the "**Court**"). FTI Consulting Canada Inc. was appointed as the Monitor (the "**Monitor**") in the CCAA Proceedings.

On June 28, 2022, CDI obtained an Order (the "**Claims Process Order**") of the Court pursuant to the CCAA directing CDI and the Monitor to carry out a process for the solicitation and determination of claims against CDI (the "**Claims Process**").

**Claims Process Information**

This notice is being published to solicit claims against CDI existing as at June 3, 2022.

Any person who may have a claim against CDI should carefully review the Claims Process Instruction Letter and the Claims Process Order.

The Claims Process requires that any person having a claim as of June 3, 2022 against CDI must send a Proof of Claim to the Monitor, to be received by the Monitor by no later than 5:00 p.m. (Vancouver time) on August 15, 2022 (the "Claims Bar Date").

Creditors or persons who have not received a claims package from the Monitor should contact the Monitor by telephone at 403.454.6040 or email at Hailey.Liu@fticonsulting.com, or visit the Monitor's website listed below.

**IN ACCORDANCE WITH THE TERMS OF THE CLAIMS PROCESS ORDER, PERSONS WHO HAVE CLAIMS AGAINST CDI AND WHO DO NOT FILE A PROOF OF CLAIM WITH THE MONITOR BY THE APPLICABLE DEADLINE SPECIFIED ABOVE SHALL BE PROHIBITED FROM MAKING OR ENFORCING ANY SUCH CLAIM AND SUCH CLAIMS SHALL BE FOREVER BARRED AND EXTINGUISHED.**

A copy of the Claims Process Instruction Letter, the Claims Process Order, all Court Orders, and other pertinent materials in the CCAA Proceedings can be obtained by contacting the Monitor at the address set out above or from the Monitor's webpage located at <http://cfcanada.fticonsulting.com/CanadianDehuaInternational/>

No. S-224444  
Vancouver Registry

**IN THE SUPREME COURT OF BRITISH COLUMBIA**

THE MATTER OF THE COMPANIES' CREDITORS  
ARRANGEMENT ACT,

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

AND

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

PETITIONERS

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**ORDER MADE AFTER APPLICATION**

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DLA Piper (Canada) LLP  
Barristers & Solicitors  
2800 Park Place  
666 Burrard Street  
Vancouver, BC V6C 2Z7

Tel. No. 604.687.9444  
Fax No. 604.687.1612

File No.: 080762-00014

CDB/day

**IN THE MATTER OF A PLAN OF COMPROMISE AND ARRANGEMENT OF CANADIAN  
DEHUA INTERNATIONAL MINES GROUP INC. ("CDI")**

**PROOF OF CLAIM**

ALL CAPITALIZED TERMS NOT OTHERWISE DEFINED HEREIN HAVE THE MEANINGS GIVEN TO THEM IN THE ENCLOSED CLAIMS PROCESS INSTRUCTION LETTER, INCLUDING APPENDIX "A" THERETO.

Please read the enclosed Claims Process Instruction Letter carefully prior to completing this Proof of Claim.

Please review the Claims Process Order, which is posted to the Monitor's Website at: <http://cfcanada.fticonsulting.com/CanadianDehuaInternational/>

**1. Particulars of Claim**

Please complete the following (the name and contact information should be of the original Creditor, regardless of whether all or any portion of the Claim has been assigned).


Full Legal Name:	China Shougang International Trade & Engineering Corporation
Full Mailing Address:	c/o Dentons Canada LLP 20th Floor, 250 Howe Street Vancouver, BC V6C 3R8
Telephone Number:	(604) 687-4460
Facsimile Number:	(604) 683-5214
E-mail address:	<a href="mailto:jordan.schultz@dentons.com">jordan.schultz@dentons.com</a> and <a href="mailto:eamonn.watson@dentons.com">eamonn.watson@dentons.com</a>
Attention (Contact Person):	Jordan Schultz and Eamonn Watson

Has all or part of the Claim been assigned by the Creditor to another party?

Yes: ☐

No: ☒

This is Exhibit "P" referred to in the affidavit of Chelsea Denton sworn before me at Vancouver BC this 16 day of April 2025.

  
A Commissioner for taking Affidavits  
for British Columbia

## 2. Particulars of Assignee(s) (If any)

Please complete the following if all or a portion of the Claim has been assigned. Insert full legal name of the assignee(s) of the Claim. If there is more than one assignee, please attach a separate sheet with the required information.

Full Legal Name of Assignee:	
Full Mailing Address of Assignee:	
Telephone Number of Assignee:	
Facsimile Number of Assignee:	
E-mail address of Assignee:	
Attention (Contact Person):	

## 3. Proof of Claim

I, Zhu Zhencai, of 23 Floor, Shougang International Building, North Street No. 60, Xizhimen, Haidian District, Beijing, People's Republic of China, do hereby certify that:

- I am the GM Assistant of China Shougang International Trade & Engineering Corporation ("Shougang"), which is a Creditor;
- I have knowledge of all the circumstances connected with the Claim referred to below;
- Shougang has a Claim against CDI as follows:

PRE-FILING CLAIM (as at June 3, 2022):

**\$22,001,667.20**

Note: Claims should be submitted in Canadian Dollars converted using the applicable Bank of Canada exchange rate published on the Filing Date.

4. **Nature of Claim**

*(Check and complete appropriate category)*

[ X ] A. UNSECURED CLAIM OF \$22,001,667.20. That in respect of this debt, no assets CDI are pledged or held as security.

[ ] B. SECURED CLAIM OF \$\_\_\_\_\_ That in respect of this debt, assets CDI valued at \$\_\_\_\_\_ are pledged to or held by me as security, particulars of which are as follows:

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*(Give full particulars of the security, including the date on which the security was obtained, and attach a copy of any security documents.)*

5. **Particulars of Claims**

Please attach details concerning the particulars of the Creditor's Claims, as well as any security held by the Creditor. **See Schedule "A" attached hereto.**

*(Provide all particulars of the Claims and supporting documentation, including the amount, description of transaction(s) or agreement(s) giving rise to the Claims, name of any guarantor which has guaranteed the Claims, amounts of invoices, particulars of all credits, discounts, etc. claimed, description of the security, if any, granted by CDI to the Creditor or asserted by the Creditor and estimated value of such security.*

6. **Filing of Claims**

This Proof of Claim **must be received by the Monitor by no later than 5:00 p.m. (Vancouver time) on August 15, 2022** (the "Claims Bar Date").

**IN ACCORDANCE WITH THE TERMS OF THE CLAIMS PROCESS ORDER, THE FAILURE TO FILE YOUR PROOF OF CLAIM BY THE CLAIMS BAR DATE, WILL RESULT IN YOUR CLAIM BEING FOREVER BARRED AND EXTINGUISHED, AND YOU WILL BE PROHIBITED FROM MAKING OR ENFORCING A CLAIM AGAINST CDI.**

This Proof of Claim must be delivered by prepaid registered mail, personal delivery, e-mail, or courier to the following addresses:

FTI Consulting Canada Inc.  
701 West Georgia Street  
Suite 1450, PO Box 10089  
Vancouver, BC V7Y 1B6

Attention: Craig Munro and Hailey Liu

Telephone: 1.604.757.6108  
1.403.454.6040

Email: Craig.Munro@fticonsulting.com  
Hailey.Liu@fticonsulting.com

DATED this 15 day of August, 2022

牛浩  
Witness Signature

Print Name of Witness

PRC License No. 11101200910285872  
Hao Niu  
Room 1002, Floor 10  
Building 1, Zao Yuan Street No.16  
Daxing, Beijing, PRC  
+86-10-6292582

朱振才  
Signature of Creditor

China Shougang International Trade &  
Engineering Corporation

Print Name of Creditor

If the Creditor is other than an individual,  
print name and title of authorized signatory

Zhu Zhencai 朱振才  
Name

GM Assistant

Title



### Schedule "A"

1. China Shougang International Trade & Engineering Corporation ("**Shougang**") has an unsecured claim against Canadian Dehua International Mines Group Inc. ("**CDI**") in the amount of CAD\$22,001,667.20 at as June 3, 2022 (the "**Claim**").
2. The Claim arises from the judgment granted on January 19, 2021, against CDI in favour of Shougang by the Supreme Court of British Columbia, Action No. S-200699, Vancouver Registry (the "**Action**").
3. Details of the Action are set out in Affidavit #1 of Yang Yang, filed April 6, 2022 (the "**Bankruptcy Affidavit**"), in the Matter of the Bankruptcy of CDI, Court No. B-220142, Estate No. 11-254383, Vancouver Registry (the "**Bankruptcy Proceeding**").
4. Additional background to the Action is set out in Affidavit #1 of Yang Yang, filed June 21, 2022 (the "**CCAA Affidavit**"), in the within proceeding under the *Companies' Creditors Arrangement Act*, Action No. S-224444, Vancouver Registry.
5. The Bankruptcy Affidavit and the CCAA Affidavit are enclosed herewith.
6. The Claim includes to following components, which are summarized and tabulated below at paragraph 8:
  - (a) the sum of USD\$10,000,000.00, representing the deposit refund that CDI was obliged to repay to Shougang, as awarded by the China International Economic and Trade Arbitration Commission;
  - (b) the sum of USD\$6,939,178.08, representing the interest calculated at the fixed annual rate of 8% based on the awarded deposit of USD\$10,000,000.00 from October 1, 2013 to June 3, 2022 (8 years interest of USD\$6,400,000 plus 246 days interest of USD\$539,178.08);
  - (c) the sum of USD\$198,022.11, equivalent to the sum of CN¥1,334,768.00, representing the attorney fees and losses of Shougang of CN¥450,000 and the cost of arbitration of CN¥884,768, both of which were awarded by the China International Economic and Trade Arbitration Commission; and
  - (d) the sum of USD\$13,868.69, equivalent to the sum of CAD\$17,847.62 calculated at the conversion rate of 1.2869 as of August 5, 2022, representing the costs of the Action, including enforcement that required the Bankruptcy Proceeding.

7. The following amounts were deducted from the amount owing to Shougang:

- (a) the sum of USD\$50,000.00, representing interest that was paid by CDI; and
- (b) the sum of USD\$4,427.96, equivalent to the sum of CAD\$5,698.34, calculated at the conversion rate of 1.2869 as of August 5, 2022, representing the Garnished Funds, as defined in the Bankruptcy Affidavit.

8. The Claim is summarized and tabulated as follows:

Description	USD	CN¥	CAD
Awarded deposit	\$10,000,000.00		
Interest from October 1, 2013 to June 3, 2022	\$6,939,178.08		
Less the interest paid by CDI	(\$50,000.00)		
Attorney fees and arbitration costs	\$198,022.11	¥1,334,768.00	
Less the Garnished Funds	(\$4,427.96)		(\$5,698.34)
Costs of the Action	\$13,868.69		\$17,847.62
<b>TOTAL</b>	<b>\$17,096,640.92</b>		<b>\$22,001,667.20</b>

9. The Claim in USD has been converted to CAD at the rate of 1.2869, as at August 5, 2022:

$$\text{USD } \$17,099,640.92 * 1.2869 = \text{CAD } \$22,001,667.20.$$

10. The costs of the Action and the Bankruptcy Proceeding have not be expressly ordered by the Supreme Court of British Columbia. Rule 14-1(9) of the *Supreme Court Civil Rules* requires that costs of a proceeding be awarded to the successful party unless otherwise ordered by the court. Similarly, Rule 13-2(22) entitles a party to the costs, fees and expenses of enforcement unless the court otherwise orders. Costs have been calculated at Scale B. Enclosed herewith is a copy a draft bill of costs.

**Enclosures:**

- (a) Bankruptcy Affidavit;
- (b) CCAA Affidavit; and
- (c) Draft bill of costs.



B-220142

This is the 1<sup>st</sup> affidavit  
of Y. Yang in this proceeding  
and was made on 3<sup>rd</sup>/MAR/2022

District of British Columbia  
Division No. 03-Vancouver  
Vancouver Registry

Court No. \_\_\_\_\_  
Estate No. 11-254383

IN THE SUPREME COURT OF BRITISH COLUMBIA  
IN BANKRUPTCY AND INSOLVENCY

IN THE MATTER OF THE BANKRUPTCY OF  
CANADIAN DEHUA INTERNATIONAL MINES GROUP INC.

AFFIDAVIT

I, **YANG YANG**, senior investment manager, of 22 Floor, Shougang International Building, North Street No.60, Xizhimen, Haidian District, Beijing, People's Republic of China, SWEAR (OR AFFIRM) THAT:

1. I am the senior investment manager of China Shougang International Trade & Engineering Corporation ("**Shougang**"), the Applicant in these proceedings, and as such I have personal knowledge of the facts and matters deposed to herein, except where stated to be based upon information and belief, and where so stated I verily believe the same to be true.
2. I am duly authorized to make this Affidavit on behalf of Shougang.
3. Shougang is a limited liability company incorporated in Beijing, People's Republic of China, having an address for service in this proceeding care of its solicitors, Dentons Canada LLP ("**Dentons**"), 20<sup>th</sup> Floor, 250 Howe Street, Vancouver, British Columbia, V6C 3R8.
4. I have read the Application for Bankruptcy Order filed herewith and the facts alleged therein are, within my own knowledge, true.

### **Debt Owning to Shougang**

5. On or about January 20, 2020, Shougang commenced an action against Canadian Dehua International Mines Group Inc. (the "**Debtor**") by filing a notice of civil claim in the Supreme Court of British Columbia (the "**Court**"), Action No. S-200699, Vancouver Registry (the "**Action**").

6. On January 19, 2021, the Court granted judgment in the Action against the Debtor in favour of Shougang in the amount of \$20,826,789.83 (the "**Judgment**"). Now shown to me and attached hereto as **Exhibit "A"** is a certified copy of the order granted January 19, 2021, and entered February 1, 2021.

### **Garnished Funds**

7. On February 18, 2021, the Court granted a garnishing order (the "**Garnishing Order**") in the Action with respect to all debts, obligations and liabilities owing, payable or accruing due from the garnishee, Canadian Imperial Bank of Commerce ("**CIBC**") to the Debtor. Now shown to me and attached hereto as **Exhibit "B"** is a copy of the Garnishing Order granted February 18, 2021.

8. On or about February 24, 2021, CIBC paid the sum of \$5,698.34 (the "**Garnished Funds**") into Court under the Garnishing Order. Now shown to me and attached hereto as **Exhibit "C"** are copies the notices of payment into court dated February 24, 2021.

9. On or about January 21, 2022, Shougang sought payment of the Garnished Funds out of Court. Now shown to me and attached hereto as **Exhibit "D"** is a copy of the requisition filed January 21, 2022, seeking payment of the Garnished Funds out of Court.

10. On or about February 8, 2022, Shougang received the Garnished Funds from its counsel.

### **Writ of Seizure and Sale**

11. On March 12, 2021, the Registrar of the Court issued a writ of seizure and sale in the Action with respect to the goods and chattels of the Debtor. The writ of seizure and sale was returned endorsed on June 11, 2021, to the effect that the executing officer was unable to locate exigible assets. Now shown to me and attached hereto as **Exhibit "E"** is a copy of the writ of seizure and sale dated March 12, 2021, and returned endorsed dated June 11, 2021.

12. On or about April 1, 2021, Canadian Kailuan Dehua Mines Co., Ltd. ("**CKD**"), in response to a notice of seizure dated March 16, 2021, refused to permit seizure of any certificated securities, uncertificated securities, and security entitlements held in the name of or on behalf of the Debtor in CKD. Now shown to me and attached hereto as **Exhibit "F"** is a copy of the letter dated April 1, 2021, from Fasken Martineau DuMoulin LLP, counsel for CKD.

2022.3.30

### ***Further Demand***

13. On or about January 4, 2022, Shougang retained Dentons as counsel. In this regard, Dentons filed a notice of appointment or change of lawyer in the Action as lawyer for Shougang in place of Shougang's previous counsel, Cameron Lee, of Henderson Lee Law. Now shown to me and attached hereto as **Exhibit "G"** is a copy of the notice of appointment or change of lawyer dated and filed February 1, 2022.

14. By letter dated February 9, 2022, sent by registered mail to the registered and records office of the Debtor, Dentons wrote to the Debtor demanding payment of the Judgment. Now shown to me and attached hereto as **Exhibit "H"** are copies of the letter dated February 9, 2022, from Jordan Schultz, of Dentons, to the Debtor, and an email dated February 11, 2022, from Eamonn Watson, of Dentons, sending this letter to the email addresses for service shown on a notice of intention to act in person filed by the Debtor in the Action on January 20, 2022.

### ***Summary of Debt***

15. As of the date of this Affidavit, no payments have been received by Shougang or its counsel from the Debtor on account of the Judgment.

16. Shougang does not, nor does any person on the behalf of Shougang, hold any security on the Debtor's property, or any part thereof, for payment of the Judgment.

17. Shougang has not made any arrangements nor entered into any agreement with the Debtor for deferral or payment of the Judgment, which is justly and truly owed to Shougang as stated in the Application for Bankruptcy Order.

18. The Debtor is justly and truly indebted to Shougang, the Applicant, for the Judgment, save and except the amount of the Garnished Funds, being \$5,698.34.

2022.3.30

**Trustee**

19. D. Manning & Associates Inc. ("D. Manning") has agreed to act as trustee in the bankruptcy of the Debtor and is acceptable to Shougang. Now shown to me and attached hereto as Exhibit "I" is a copy of a consent to act executed by D. Manning dated March 1, 2022.

SWORN (OR AFFIRMED) BEFORE ME at  
Haidian, Beijing, People's Republic of  
 China, on 30th/MAR/2022.

4-3 PRC License No.

A Commissioner for taking Affidavits  
 within Haidian, Beijing, People's  
 Republic of China

11/01/2007/128 5872 YANG YANG

Add: Room 1002, Floor 10,  
 Building 1, Zao Yuan Street No.16,  
 DaXing, Beijing, PRC

Tel: +86-10-60292582

Name: Hao Niu



This is **Exhibit "A"** referred to in the affidavit of Yang Yang sworn before me at Haidian, Beijing, People's Republic of China this 30th day of March, 2022



\_\_\_\_\_  
A Commissioner for taking Affidavits  
For Haidian, Beijing, People's Republic of  
China



Form 35 (Rules 8-4 (1), 13-1 (3), 17-1 (2) and 25-9 (2))

No. S-200699  
Vancouver Registry

*In the Supreme Court of British Columbia*



CHINA SHOUGANG INTERNATIONAL TRADE & ENGINEER CORPORATION

Plaintiff

CANADIAN DEHUA INTERNATIONAL MINES GROUP INC.

Defendant

### ORDER MADE AFTER APPLICATION

*[Rule 22-3 of the Supreme Court Civil Rules applies to all forms.]*

BEFORE

} THE HONOURABLE Master Dick } January 19, 2021

ON THE APPLICATION of the plaintiff, China Shougang International Trade & Engineer Corporation, by telephone for hearing at 800 Smithe Street at 9:45 am of January 19, 2021 and on hearing Daniel Henderson, counsel for the plaintiff; and no one appears for the defendant, although duly served, defendant did not respond;

THIS COURT ORDERS that:

1. The Arbitral Award made by the tribunal of China International Economic and Trade Arbitration Commission (the "China Arbitration Commission") on August 23, 2019 is recognized and entered in the Registry of the Supreme Court of British Columbia in favour of the plaintiff, China Shougang International Trade & Engineering Corporation, also known as China Shougang International Trade & Engineer Corporation, also known as China Shougang International Trade & Engineering Co. Ltd., and judgment against the defendant, Canadian Dehua International Mines Group Inc.:
  - a) in the sum of Canadian dollar \$13,062,000.00, in equivalent to the sum of US dollar \$10,000,000.00 calculated at the conversion rate of 1.3062 of January 17, 2020, representing the deposit awarded by the China Arbitration Commission;

- b) in the sum of Canadian dollar \$ 7,510,650.00, in equivalent to the sum of US dollar \$5,750,000.00 calculated at the conversion rate of 1.3062 of January 17, 2020, representing the interest calculated at the fixed annual rate of 8% based on the US dollar \$10,000,000.00 from October 1, 2013 to December 31, 2020, minus US dollar \$50,000.00 that has been paid by the defendant, awarded by the China Arbitration Commission;
  - c) in the sum of Canadian dollar \$85,680.00, in equivalent to the sum of Chinese Renminbi 450,000 yuan calculated at the conversion rate of 0.1904 of January 17, 2020, representing the attorney fees and losses of the plaintiff awarded by the China Arbitration Commission; and
  - d) in the sum of Canadian dollar \$168,459.83, in equivalent to the sum of Chinese Renminbi 884,768 yuan calculated at the conversion rate of 0.1904 of January 17, 2020, representing the cost of arbitration awarded by the China Arbitration Commission.
2. Judgment against the defendant for post-judgment interest from the date of this judgment on the amounts of the judgment awarded under paragraph 2 a) to d) until the judgment amounts are paid in full.

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:

D. Henderson

Signature of [ ] party

[x] lawyer for China Shougang International Trade & Engineer Corporation

Daniel Henderson

Certified a true copy according to  
the records of the Supreme Court  
at Vancouver, B.C.

DATED: FEB 11 2021

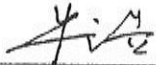
Pamela Grant  
Authorized Signing Officer

Pamela Grant

By the Court.

Registrar

This is **Exhibit "B"** referred to in the affidavit of Yang Yang sworn before me at Haidian, Beijing, People's Republic of China this 30th day of March, 2022



A Commissioner for taking Affidavits  
For Haidian, Beijing, People's Republic of  
China

SUPREME COURT  
OF BRITISH COLUMBIA  
VANCOUVER REGISTRY

FEB 18 2021



in the Supreme Court of British Columbia

When making payments into  
court, this action number must  
be quoted.

No. S-200699  
Vancouver Registry

Before

Mr/Madam \_\_\_\_\_, District Registrar

Between

CHINA SHOUGANG INTERNATIONAL TRADE & ENGINEER CORPORATION

Plaintiff

And

CANADIAN DEHUA INTERNATIONAL MINES GROUP INC.

Defendant

And

CANADIAN IMPERIAL BANK OF COMMERCE

Garnishee

**GARNISHING ORDER AFTER JUDGMENT**

On reading the affidavit of Cameron Lee, sworn February 16, 2021, I order that, except as otherwise ordered, all debts, obligations and liabilities owing, payable or accruing due from the garnishee to the defendant be attached up to the total amount set out below and paid into court. If any of the debts, obligations and liabilities are owing, payable or accruing due for wages, then only as much as them as is permitted by section 3 of the *Court Order Enforcement Act* are to be attached and paid into court [see over].

FEB 18 2021

Date: .....

original signed by  
O. CARION  
Deputy District Registrar

.....  
District Registrar

To the Defendant:

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

To the Garnishees:

Canadian Imperial Bank of Commerce  
400 Burrard Street  
Vancouver, BC  
V6C 3A6

	\$	Cents
Amount due	20,826,789	83
Total amount attached	20,826,789	83

#### NOTICE TO GARNISHEE

If you do not pay into Court at once the amount of your indebtedness to the defendant or judgment debtor, or the amount limited by the above attaching order, or if you do not dispute your liability, an order may be made against you for the payment of the full amount with costs.

If you dispute your liability you should at once file a dispute note, and the registrar will then send you notice of the day on which you are to appear in court.

"Owing, payable or accruing due" means owing, payable or accruing due at the time this order was served upon you but, in the case of wages or salary, includes wages or salary that will, in the ordinary course of employment, become due and payable within 7 days after the day on which the affidavit first above mentioned was sworn.

#### NOTICE TO EMPLOYER

Section 27 of the *Court Order Enforcement Act* makes it an offence to demote an employee or terminate a contract of employment of an employee merely because of the service of a garnishing order on the employer issued under this Act.

#### NOTICE TO DEFENDANT

To prevent further garnishment proceedings you may apply to the registrar or the court and, if considered just in all the circumstances, an order may be made releasing all or part of this garnishment and providing for payment of the judgment against you by instalments.



This is **Exhibit "C"** referred to in the affidavit of Yang Yang sworn before me at Haidian, Beijing, People's Republic of China this 30<sup>th</sup> day of March, 2022



\_\_\_\_\_  
A Commissioner for taking Affidavits  
For Haidian, Beijing, People's Republic of  
China

Court Location: VLC

430

Court File No.: S200699Court Location: VLC

**NOTICE OF PAYMENT INTO COURT**  
in the Supreme Court of British Columbia

BETWEEN CHINA SHOUGANG INTERNATIONAL TRADE & ENGINEER CORPORATION PLAINTIFF OR JUDGMENT CREDITORAND CANADIAN DEHUA INTERNATIONAL MINES GROUP INC. DEFENDANT OR JUDGMENT DEBTORTAKE NOTICE that, under an order herein issued on 18 FEB 2021the garnishee named in the said order CIBCor the Defendant, has paid into Court the sum of \$ 703.88DATED 24 FEB 2021HENDERSON AND LEE LAW CORPORATION

Plaintiff or Judgment Creditor, or Solicitor

JT

Accounting Clerk

MINISTRY OF  
ACCOMMODATION

FEB 24 2021

VANCOUVER, B.C.

This is Exhibit "D" referred to in the affidavit of Yang Yang sworn before me at Haidian, Beijing, People's Republic of China this 30th day of March, 2022



A Commissioner for taking Affidavits  
For Haidian, Beijing, People's Republic of  
China

**FORM 17**

**(RULES 4-6(1), 5-1 (4), 5-2 (4), 5-4 (1), 8-1 (21.1) and (22),  
9-4 (1), 12-2 (6), 13-3 (25), 16-1 (16.1) and (17),  
20-5 (3), 21-5 (4), 23-1 (9), 23-3 (10) and 23-5 (5))**

No. S-200699

Vancouver Registry

*In the Supreme Court of British Columbia*

Between

China Shougang International Trade &amp; Engineer Corporation

Plaintiff(s)

and

Canadian Dehua International Mines Group Inc.

Defendant(s)

and

Canadian Imperial Bank of Commerce

Garnishee

**REQUISITION - GENERAL**

Filed by: China Shougang International Trade &amp; Engineer Corporation

Required: Application pursuant to S. 13 (1) (a) in the Court Order Enforcement Act, RSBC 1996, c. 78, and amendments thereto, for payment out of Court without a court order.

The cheque should be made out to Henderson & Lee Law Corporation in Trust for the total amount paid into court by the Garnishee and mailed to the following address: 310 - 4885 Kingsway, Burnaby, BC, Canada V5H 4T2

This requisition is supported by the following:

*[Include a description of supporting document(s). Each affidavit included on the list must be identified as follows:  
"Affidavit #.....[sequential number, if any, recorded in the top right hand corner of the affidavit]..... of .....  
[name]....., made .....[dd/mm/yyyy]....."]*

- 1 Notice of Intended Application for Payment Out, personally served to Defendant on 12/07/2021
- 2 Notice of Payment Into Court to the amount of \$4994.46, made 24/02/2021
- 3 Notice of Payment Into Court to the amount of \$703.88, made 24/02/2021
- 4 Affidavit of Michelle Eugenio Lagura, made 15/07/2021

5 Consent to Payment Out Plaintiff to Solicitor, made 30/12/2021

Date: 21/Jan/2022

Signature of

☐ filing party

☒ lawyer for filing party(ies)

Cameron Lee



No. S-200699  
Vancouver Registry

*In the Supreme Court of British Columbia*

Between

CHINA SHOUGANG INTERNATIONAL TRADE & ENGINEER CORPORATION

Plaintiff

And

CANADIAN DEHUA INTERNATIONAL MINES GROUP INC.

Defendant

And

CANADIAN IMPERIAL BANK OF COMMERCE

Garnishee

**NOTICE OF INTENDED APPLICATION FOR PAYMENT OUT**

To: Canadian Dehua International Mines Group

TAKE NOTICE that an application will be made by the Plaintiff, China Shougang International Trade & Engineer Corporation, herein pursuant to Section 13(1)(a) of the Court Order Enforcement Act, RSBC 1996, c. 78, and amendments thereto, for payment out of Court to the Judgement Creditor or his or her solicitor of money paid into court by the Garnishee as set out in the Notices of Payment into Court attached to this Notice within 10 days from the date of service of this document unless you file with the Court notice of your intention to dispute payment out.

Garnishing Order	Date of Payment In	Amount
18/Feb/2021	24/Feb/2021	\$4994.46
18/Feb/2021	24/Feb/2021	\$703.88

**Total: \$5698.34**

Dated at Burnaby, British Columbia this 8<sup>th</sup> day of July, 2021



Signature of Counsel for Plaintiff  
Cameron Lee

Court File No.: S200699Court Location: VLC

**NOTICE OF PAYMENT INTO COURT**  
in the Supreme Court of British Columbia

BETWEEN CHINA SHOUGANG INTERNATIONAL TRADE & ENGINEER CORPORATION PLAINTIFF OR JUDGMENT CREDITORAND CANADIAN DEHUA INTERNATIONAL MINES GROUP INC. DEFENDANT OR JUDGMENT DEBTORTAKE NOTICE that, under an order herein issued on 18 FEB 2021the garnishee named in the said order CIBCor the Defendant, has paid into Court the sum of \$ 4,994.46DATED 24 FEB 2021HENDERSON AND LEE LAW CORPORATION

Plaintiff or Judgment Creditor, or Solicitor

JT

Accounting Clerk

MINISTRY OF JUSTICE  
ACCUSED

FEB 24 2021

VANCOUVER, B.C.

Court File No.: S200699Court Location: VLC**NOTICE OF PAYMENT INTO COURT**  
in the Supreme Court of British ColumbiaBETWEEN CHINA SHOUGANG INTERNATIONAL TRADE & ENGINEER CORPORATION PLAINTIFF OR JUDGMENT CREDITORAND CANADIAN DEHUA INTERNATIONAL MINES GROUP INC. DEFENDANT OR JUDGMENT DEBTORTAKE NOTICE that, under an order herein issued on 18 FEB 2021the garnishee named in the said order CIBCor the Defendant, has paid into Court the sum of \$ 703.88DATED 24 FEB 2021HENDERSON AND LEE LAW CORPORATION

Plaintiff or Judgment Creditor, or Solicitor

JT

Accounting Clerk

MINISTRY OF

ACT

FEB 24 2021

VANCOUVER



NO. S-200699  
VANCOUVER REGISTRY

IN THE SUPREME COURT OF BRITISH COLUMBIA

CHINA SHOUGANG INTERNATIONAL TRADE & ENGINEER CORPORATION  
AND: PLANTIFF  
CANADIAN DEHUA INTERNATIONAL MINES GROUP INC.  
AND: DEFENDANT  
CANADIAN IMPERIAL BANK OF COMMERCE  
GARNISHEE

AFFIDAVIT OF SERVICE

I, MICHELLE EUGENIO LAGURA, Process Server of West Coast Title Search Ltd., of #100 - 840 Howe Street, in the City of Vancouver, in the Province of British Columbia, SWEAR THAT:

1. On Monday, July 12, 2021, at 3:11 p.m., I served CANADIAN DEHUA INTERNATIONAL MINES GROUP INC. with the following documents that have not been filed in this proceeding:

NOTICE OF INTENDED APPLICATION FOR PAYMENT OUT, a copy of which is attached to this Affidavit and marked as Exhibit "A".

NOTICE OF PAYMENT INTO COURT, a copy of which is attached to this Affidavit and marked as Exhibit "B".

NOTICE OF PAYMENT INTO COURT, a copy of which is attached to this Affidavit and marked as Exhibit "C".

2. I served each document referred to in Section 1 of this Affidavit by handing it to and leaving it with IRIS, Receptionist, who at the time of service admitted to being authorized to accept on behalf of the said, CANADIAN DEHUA INTERNATIONAL MINES GROUP INC. at 202 2232 West 41 Avenue, Vancouver, BC, on Monday, July 12, 2021, at 3:11 p.m.

SWORN BEFORE ME in the City of  
Vancouver, British Columbia,  
this 15 day of July, 2021

*Ruth Balfour*  
A Commissioner for Taking Affidavits  
For British Columbia

)  
) *Michelle Eugenio Lagura*  
) MICHELLE EUGENIO LAGURA  
)

Ruth Kathleen Balfour  
A Commissioner for Taking Affidavits  
For British Columbia  
My Appointment Expires September 30, 2023

No. S-200899  
Vancouver Registry

*In the Supreme Court of British Columbia*

Between

CHINA SHOUGANG INTERNATIONAL TRADE & ENGINEER CORPORATION

Plaintiff

And

CANADIAN DEHUA INTERNATIONAL MINES GROUP INC.

Defendant

And

CANADIAN IMPERIAL BANK OF COMMERCE

Garnishee

**NOTICE OF INTENDED APPLICATION FOR PAYMENT OUT**

To: Canadian Dehua International Mines Group

TAKE NOTICE that an application will be made by the Plaintiff, China Shougang International Trade & Engineer Corporation, herein pursuant to Section 13(1)(a) of the Court Order Enforcement Act, RSBC 1996, c. 78, and amendments thereto, for payment out of Court to the Judgement Creditor or his or her solicitor of money paid into court by the Garnishee as set out in the Notices of Payment into Court attached to this Notice within 10 days from the date of service of this document unless you file with the Court notice of your intention to dispute payment out.

Garnishing Order	Date of Payment In	Amount
18/Feb/2021	24/Feb/2021	\$4984.46
18/Feb/2021	24/Feb/2021	\$703.88

Total: \$5688.34

Dated at Burnaby, British Columbia this 8<sup>th</sup> day of July, 2021

This is Exhibit "A" referred to in  
the affidavit of Michelle Eugenio Lagura  
made before me on this 15

day of July, 20 21

Ruth Baefour  
A Commissioner for Taking Affidavits  
for British Columbia

Cameron Lee  
Signature of Counsel for Plaintiff  
Cameron Lee

Court File No.: S200699  
 Court Location: VLC

**NOTICE OF PAYMENT INTO COURT**  
 In the Supreme Court of British Columbia

BETWEEN CHINA SHOUKANG INTERNATIONAL TRADE & ENGINEER CORPORATION PLAINTIFF OR JUDGMENT CREDITOR  
 AND CANADIAN DEHUA INTERNATIONAL MINES GROUP INC. DEFENDANT OR JUDGMENT DEBTOR

TAKE NOTICE that, under an order herein issued on 18 FEB 2021

the garnishee named in the said order CIBC

or the Defendant, has paid into Court the sum of \$ 703.88

DATED 24 FEB 2021

HENDERSON AND LEE LAW CORPORATION  
 Plaintiff or Judgment Creditor, or Solicitor

JT  
 Accounting Clerk

MINISTRY OF

FEB 2

CIVIL

This is Exhibit "B" referred to in  
 the affidavit of Michelle Eugenio Lagura  
 made before me on this 15  
 day of July, 20 21  
Ruth Baefou  
 A Commissioner for Taking Affidavits  
 For British Columbia

02/01/2020  
 02/01/2020

1-PLAINTIFF OR JUDGMENT CREDITOR, OR SOLICITOR 2-FILE

180214

02/21

Court File No.: S200699  
 Court Location: VLC

**NOTICE OF PAYMENT INTO COURT**  
 In the Supreme Court of British Columbia

BETWEEN CHINA SHOUHANG INTERNATIONAL TRADE & ENGINEER CORPORATION PLAINTIFF OR JUDGMENT CREDITOR  
 AND CANADIAN DEHUA INTERNATIONAL MINES GROUP INC. DEFENDANT OR JUDGMENT DEBTOR

TAKE NOTICE that, under an order herein issued on 18 FEB 2021

the garnishee named in the said order CIBC

or the Defendant, has paid into Court the sum of \$ 4,994.46

DATED 24 FEB 2021

HENDERSON AND LEE LAW CORPORATION

Plaintiff or Judgment Creditor, or Solicitor

JT

Accounting Clerk

MINISTER OF

This is Exhibit " C " referred to in  
 the affidavit of Michelle Eugenio Lagura  
 made before me on this 15  
 day of July, 20 21  
Ruth Baile  
 A Commissioner for Taking Affidavits  
 For British Columbia

RECEIVED  
 OF THE COURT

1-PLAINTIFF OR JUDGMENT CREDITOR, OR SOLICITOR 2-FILE

10/22/21



# CONSENT TO PAYMENT OUT—PLAINTIFF TO SOLICITOR

No. S200699  
Vancouver Registry

In the Supreme Court of British Columbia

BETWEEN:

China Shougang International Trade & Engineer Corporation

Plaintiff  
Judgment Creditor

AND:

Canadian Dehua International Mines Group Inc.

Defendant  
Judgment Debtor

## CONSENT TO PAYMENT OUT

China Shougang International Trade & Engineer Corporation, also known as China Shougang International Trade & Engineering Corporation, the above-named plaintiff (judgment creditor), hereby consents to payment out of court to my solicitor, Henderson & Lee Law Corporation, of Unit 310, 4885 Kingsway, Burnaby, British Columbia, Canada, the sum of \$5,698.34, paid into court by the garnishee, Canadian Imperial Bank of Commerce, under the order in this proceeding issued on February 18, 2021.

DATED Dec. 20th, 2021

WITNESS:

QING LI  
Name of Witness

[Signature]  
Signature of Witness

20th FL, 8 Hingamenber Avenue  
Address (Street)

Beijing  
City

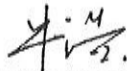
Lawyer  
Occupation

PRC License No. 11101199610926360

[Signature]  
Authorized Signature: [signature of plaintiff]

China Shougang International Trade & Engineering Corporation

This is **Exhibit "E"** referred to in the affidavit of Yang Yang sworn before me at Haidian, Beijing, People's Republic of China this 30th day of March, 2022



\_\_\_\_\_  
A Commissioner for taking Affidavits  
For Haidian, Beijing, People's Republic of  
China

SUPREME COURT  
OF BRITISH COLUMBIA  
VANCOUVER REGISTRY

MAR 12 2021

Form 50 (Rule 13-2(1))



No. S-200699  
Vancouver Registry

*In the Supreme Court of British Columbia*

Between

CHINA SHOUGANG INTERNATIONAL TRADE & ENGINEER CORPORATION

Plaintiff

And

CANADIAN DEHUA INTERNATIONAL MINES GROUP INC.

Defendant

**WRIT OF SEIZURE AND SALE**

*[Rule 22-3 of the Supreme Court Civil Rules applies to all forms.]*

Name and address of lawyer or person causing this writ to be issued: Cameron Lee, Henderson & Lee Corporation of 310 - 4883 Kingsway, Burnaby BC V5H 4T2

*To the Sheriff*

You are commanded promptly to seize and sell at public auction or by tender for the best available price sufficient of the goods and chattels of the undermentioned person to realize the sums set out on the back of this writ, that are payable by virtue of the attached order of this Honourable Court, together with your costs, fees and expenses for executing this writ.

After carrying out the above instructions, you must pay to the person specified on the back of this writ from the amount realized the sum or sums that are payable to him or her and account therefor by return to the court.

Dated: March 12, 2021

  
Registrar

Name and address of person whose goods and chattels are to be seized:  
**CANADIAN DEHUA INTERNATIONAL MINES GROUP INC.**  
Address: Suite 202 – 2232 West 41<sup>st</sup> Avenue, Vancouver BC V6M 1Z8

Amount remaining due and payable on judgment: \$20,826,789.83

Amount of costs remaining due and payable: ~~\$20,896,496.28~~ 0

Amount of interest on judgment and costs remaining due and payable: \$69,707.15

Costs of party entitled to execution: \$0

Sheriff's costs [to be filled in by Sheriff]: \$ \_\_\_\_\_

Total [to be filled in by Sheriff]: \$ \_\_\_\_\_

Identity of person entitled to payment of judgment:  
**CHINA SHOUGANG INTERNATIONAL TRADE & ENGINEER CORPORATION**

UNABLE TO LOCATE  
EXIGIBLE ASSETS

**RETURNED**

JUN 11 2024

CONSOLIDATED CIVIL  
ENFORCEMENT BC INC.

PER: GA

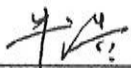
PCL/FTC 72674 10218 As of: 06/11/21

COURT BAILIFF COSTS				
COMMISSION				
STAT. FEE			\$	140.00
ATTENDANCE RATE / HOUR			\$	85.00
	HOURS	9	\$	765.00
MILEAGE / KM			\$	0.50
	KMs	29	\$	14.25
FUEL DISB. EXP.			\$	3.99
ATTENDANCE / new rate				
SEARCH			\$	14.00
LOCKSMITH				
PHONE/FAX/COPY			\$	25.00
MOVER + STORAGE				
TOWING				
COURIER				
CATALOGUING				
SECOND MAN				
MOVER - REMOVAL OF GOODS				
SUB TOTAL				\$ 962.24
# R100043009			GST	\$ 48.11
TOTAL				\$ 1,010.35

CONSOLIDATED CIVIL ENFORCEMENT BC INC.	
COURT BAILIFF DIVISION	
4508 Beedle Street	Phone: 604-434-7279
Burnaby, B.C. V5J 5L2	Fax: 604-431-7202

THIS IS NOT AN INVOICE

This is **Exhibit "F"** referred to in the affidavit of Yang Yang sworn before me at Haidian, Beijing, People's Republic of China this 30th day of March, 2022

  
\_\_\_\_\_  
A Commissioner for taking Affidavits  
For Haidian, Beijing, People's Republic of  
China

**FASKEN**

Fasken Martineau DuMoulin LLP  
Barristers and Solicitors  
Patent and Trade-mark Agents

550 Burrard Street, Suite 2900  
Vancouver, British Columbia V6C 0A3  
Canada

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+1 866 636 3131  
F +1 604 631 3232  
fasken.com

April 1, 2021  
File No.: 298483.00005/21569

Glen Nesbitt  
Direct +1 604 631 4833  
gnesbitt@fasken.com

**By Courier, Fax (604-558-4023), and Email (d.iannaconne@ccebailiff.ca)**

Consolidated Civil Enforcement BC Inc.  
4508 Beedie Street  
Burnaby, BC V5J 5L2

China Shougang International Trade &  
Engineer Corporation  
c/o: Henderson & Lee Law Corporation  
4885 Kingsway #310,  
Burnaby, BC V5H 4T2

**Attention: Dan Iannacone**

**Attention: Daniel Henderson**

Dear Sirs/Mesdames:

**Re: China Shougang International Trade & Engineer Corporation v. Canadian Dehua International Mines Group Inc.  
SCBC No. S-200699, Vancouver Registry**

We are legal counsel to Canadian Kailuan Dehua Mines Co., Ltd. ("CKD").

We are in receipt of the Notice of Seizure dated March 16, 2021 (the "NOS") issued in respect of this action, and under which China Shougang International Trade & Engineer Corporation (the "**Judgment Creditor**") purports to seize all certificated securities, uncertificated securities, and security entitlements held in the name of or on behalf of Canadian Dehua International Mines Group Inc. (the "**Judgment Debtor**") in CKD (the "**CKD Shares**").

Pursuant to the *Securities Transfer Act*, S.B.C. 2007, c. 10 (the "STA"), and in particular Sections 1(1) and 18 thereof, we write to provide notice that CKD has a property interest in the CKD Shares and it is a violation of CKD's rights in relation to the CKD Shares for another person to hold, transfer, or deal with them (the "**Adverse Claim**"). Following are the facts:

1. CKD and the Judgment Debtor are parties to Share Pledge Agreement and Indemnification Agreement dated December 1, 2016 (both enclosed), whereby, among other things:
  - (a) under the Indemnification Agreement, the Judgment Debtor agreed to fully indemnify CKD for any and all tax liabilities arising from CKD's making a "Section 85 Election" (defined therein) for the benefit of the Judgment Debtor (the "**Indemnification Obligation**"); and



## FASKEN

- (b) under the Share Pledge Agreement, the Judgment Debtor agreed to grant a security interest in, and pledge and assign the CKD Shares and any proceeds thereof (the "**CKD Security Interest**"), to CKD as security for the fulfilment of its obligations under the Indemnification Agreement.
2. On December 7, 2016, CKD perfected the CKD Security Interest by registration in the B.C. Personal Property Security Registry (the "**PPR**") under base registration #703439J. Enclosed hereto is a PPR search in respect of the Judgment Debtor showing this registration.
3. The CKD Security Interest remains a property interest in the CKD Shares and is continuing security for the Indemnity Obligation.

By virtue of the NOS, Consolidated Civil Enforcement BC Inc. (in such capacity, the "**Court Bailiff**") is deemed to be the appropriate person for the purposes of dealing with or disposing of the CKD Shares. We hereby confirm, and put the Court Bailiff on notice that, it is a violation of CKD's rights in relation to the CKD Shares for another person to hold, transfer, or deal with them.

By this letter, we are also providing the Court Bailiff with notice of the Adverse Claim under the STA such that any purchaser acquiring the CKD Shares from the Court Bailiff in connection with the NOS will be taking them subject to the Adverse Claim and the CKD Security Interest.

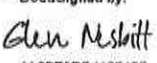
Our client is in the process of considering its rights in relation to the CKD Shares in light of the NOS and purported seizure, and requires that the Court Bailiff take no further steps to deal with, transfer, or dispose of the CKD Shares without reasonable notice to CKD.

We ask that you kindly reply to this letter to confirm receipt of same, including notice of CKD's property interest in the CKD Shares and of the Adverse Claim.

Thank you for your attention to the foregoing. Please feel free to contact the writer if you wish to discuss same.

Yours truly,

FASKEN MARTINEAU DuMOULIN LLP

DocuSigned by:  
  
4A0B79DD412F45F...  
Glen Nesbitt

GLN/mi  
Enclosure

### SHARE PLEDGE AGREEMENT

THIS SHARE PLEDGE AGREEMENT made this 1 day of Dec, 2016.

BETWEEN:

**Canadian Kailuan Dehua Mines Co., Ltd.**, a company incorporated under the laws of British Columbia, Canada and having its office at 3800 Wesbrook Mall, Vancouver, British Columbia V6S 2L9

("CKD")

AND:

**Canadian Dehua International Mines Group Inc.**, a company incorporated under the laws of British Columbia, Canada and having its office at 1450-1199 West Hastings Street, Vancouver, British Columbia V6E 3T5

("Dehua")

WHEREAS:

- A. Dehua and CKD entered into the 2012 Letter Agreement and an indemnification agreement (the "**Indemnification Agreement**") dated Dec. 1, 2016, pursuant to which agreements, Dehua has agreed to indemnify and hold harmless CKD and CKD Indemnified Parties from all the Liabilities arising from or in connection with CKD's assistance in making the Section 85 Election for the sole benefit of Dehua;
- B. Dehua is the registered and beneficial owner of those shares in the capital of CKD listed on **Appendix "A"** hereto;
- C. As security for the fulfillment of all the Dehua's Obligations under and pursuant to 2012 Letter Agreement and the Indemnification Agreement, Dehua has agreed to grant a security interest in and pledge and assign the shares of CKD currently held by it or hereafter acquired by it in favour of CKD; and
- D. All capitalized words that are not otherwise defined herein have the meanings attributed to such terms in the Indemnification Agreement.

NOW THEREFORE THIS AGREEMENT WITNESSES THAT in consideration of the mutual promises contained in this Agreement, the parties agree with each other as follows:

#### 1. DEFINITIONS

In this Agreement (including without limitation, the Recitals hereto), unless there is something within the subject matter or context inconsistent therewith, all capitalized terms used and not otherwise defined shall have the meaning attributed to them in the Indemnification Agreement, and the following terms shall have the following meanings:

- (a) "**Deficiency**" has the meaning attributed to such term in Section 5.2(e) hereof;

- (b) "Event of Default" has the meaning attributed to such term in Section 5.1 hereof;
- (c) "PPSA" means the *Personal Property Security Act* (British Columbia) as amended, supplemented, restated and superseded, in whole or in part, from time to time;
- (d) "Pledged Shares" means all the shares in the capital of CKD now held and hereafter acquired from time to time by Dehua as set out on Appendix "A", as it may be amended from time to time, and any substitution therefor, additions thereto and proceeds thereof arising out of any consolidation, subdivision, reclassification, conversion, stock dividend or similar increase or decrease in or alteration of the capital of CKD or any other event and any shares acquired pursuant to the exercise of a right or offer granted or made by Dehua to the extent that any such right or offer arises out of the ownership of any shares in the capital of CKD together with any dividends or other moneys now or thereafter received or declared in respect of the Pledged Shares and all other rights and claims of Dehua in respect of the Pledged Shares; and
- (e) "Obligations" means any and all obligations, liabilities and indebtedness of every kind, nature and description owing by Dehua to CKD and any of its affiliates, including any and all of the Liabilities, however evidenced, arising under the Indemnification Agreement or otherwise whether now existing or hereafter arising.

## 2. PLEDGE

### 2.1 Pledge

As continuing security for the due and timely payment and performance by Dehua of the Obligations, Dehua hereby assigns, mortgages, charges, hypothecates, pledges and grants a security interest in the Pledged Shares to and in favour of CKD. Dehua hereby delivers to CKD the share certificates evidencing the Pledged Shares together with all appropriate transfer and other documents (including, if applicable, a director's resolution approving the transfer of the Pledged Shares to CKD) to enable CKD, or its nominee to be registered as the owner of the Pledged Shares upon any enforcement of the rights and remedies granted to CKD in this Agreement. If Dehua acquires any certificates evidencing the Pledged Shares after the date hereof, Dehua shall, forthwith upon receipt of such certificates, deliver such certificates to CKD, its agent or nominee, together with all appropriate transfer and other documents to enable CKD, or its nominee to be registered as the owner hereof and to transfer or sell or cause to be transferred or sold such Pledged Shares upon any enforcement of the rights and remedies granted to CKD in this Agreement.

### 2.2 Attachment and Value

Dehua acknowledges and agrees that (a) value has been given; (b) the security interests created hereby attached to the Pledged Shares immediately upon execution and delivery of this Agreement to CKD, and CKD and Dehua have not agreed to postpone the time of attachment of the pledge of the Pledged Shares by Dehua; and (c) to the extent that Dehua does not acquire rights or interests in any of the Pledged Shares until after the execution and delivery of this Agreement, the security interests created hereby shall attach to such Pledged Shares at the time Dehua acquires rights and interests therein.

### **3. PROVISIONS RELATING TO THE PLEDGED SHARES**

#### **3.1 Voting Rights**

- (a) Until the occurrence of an Event of Default which is continuing, Dehua shall be entitled to exercise all voting rights in respect of the Pledged Shares and to give consents, waivers, notices and ratifications and to take other action in respect thereof, *provided*, however, that no votes shall be cast or consent, waiver, notice or ratification given or action taken which would be prejudicial to the interest of CKD, impair or reduce the value of or restrict the transferability of the Pledged Shares, or be inconsistent with or violate any provisions of this Agreement or any other agreement relating hereto, including, without limitation; (i) give any proxies to vote the Pledged Shares; or (ii) enter into any shareholders' agreement or voting trust with respect to the Pledged Shares.
- (b) Except during the continuance of an Event of Default, if any of the Pledged Shares are registered in the name of CKD, its agent or nominee, CKD, on the written request of Dehua, shall execute and deliver or cause its agent or nominee to execute and deliver to Dehua suitable proxies or voting powers or powers of attorney in favour of Dehua or its nominee or nominees for voting, giving consents, waivers, notices or ratifications or take any other action Dehua is permitted to take in respect of such Pledged Shares and, to the extent consistent with or in respect of matters permitted hereunder, otherwise facilitate the voting of any such Pledged Shares, the giving of such consents, waivers, notices and ratifications and the taking of such actions.

#### **3.2 Dividends and Distributions**

- (a) Until the occurrence of an Event of Default which is continuing, Dehua shall be entitled to receive and deal with (except as restricted by this Share Pledge Agreement) any and all dividends, interest and other distributions or like payments at any time payable on or with respect to the Pledged Shares, and CKD shall forthwith deliver to Dehua any such dividends, interest, distributions or other like payments received by it.
- (b) During the continuance of an Event of Default, all rights of Dehua to receive dividends, interest, distributions and other like payments which it would otherwise be entitled to receive in respect of the Pledged Shares shall cease, and all such rights shall become vested for such period in CKD which shall thereupon during such period have the sole right to receive such amounts. CKD shall, to the extent permitted by applicable law, be entitled to apply any such amounts received by it during the continuance of an Event of Default in respect of the Obligations, and pending such application of such amounts, the same shall be deemed to form part of the Pledged Shares.

#### **3.3 Rights and Duties of CKD**

It is understood and agreed that, at any time and from time to time during the continuance of an Event of Default, all rights of Dehua pursuant to Sections 3.1 and 3.2 shall cease and CKD may enforce and exercise any and all of the rights of Dehua with respect to the Pledged Shares, including those rights described in Sections 3.1 and 3.2. CKD and its nominee shall not have any duty of care whatsoever with respect to the Pledged Shares and may take no steps to defend or preserve the rights of Dehua therein against the claims or demands of others.

#### 4. REPRESENTATIONS, WARRANTIES AND COVENANTS

##### 4.1 Representations and Warranties of Dehua

Dehua hereby represents and warrants to CKD as follows and acknowledges that CKD is relying on those representations and warranties:

- (a) Dehua is the registered and beneficial owner of, and has good title to, the Pledged Shares subject only to the security interests created by this Agreement.
- (b) The Pledged Shares constitute all of the capital stock or securities of CKD that Dehua owns.
- (c) The Pledged Shares have been duly issued and are outstanding as fully paid and non-assessable shares.
- (d) Dehua has been duly incorporated and organized, is validly existing and in good standing under the laws of the Province of British Columbia.
- (e) Dehua has full power, authority and right to enter this Agreement and to pledge the Pledged Shares and to grant to CKD the security interests created by this Agreement.
- (f) This Agreement has been duly executed and delivered by Dehua and constitutes a valid and binding obligation of Dehua, enforceable against it in accordance with its terms.
- (g) The execution and delivery of this Agreement and the completion of the transactions contemplated hereby have been duly and validly authorized by all the necessary corporate action(s) on the part of Dehua.
- (i) Dehua has not granted any right to acquire an interest in any of the Pledged Shares except as set forth in this Agreement.
- (h) None of the execution and delivery of this Agreement or, the performance of Dehua's obligations hereunder or the consummation of the transactions herein provided for will (i) result in or constitute a breach of any terms or provision of, or constitute a default under, the articles or by-laws of Dehua or any agreement, or other commitment to which Dehua is a party; or (ii) constitute an event which would permit any party to any agreement with Dehua to terminate that agreement or to accelerate the maturity of any indebtedness of Dehua or other obligation of Dehua.
- (i) Dehua has not assigned, transferred, set over or granted a security interest in the Pledged Shares to any other person except as set forth in this Agreement.
- (ii) None of the rights of Dehua arising as the legal and beneficial owner of the Pledged Shares have been surrendered, cancelled or terminated except as set forth in this Agreement.
- (iii) There is no default or dispute existing in respect of the Pledged Shares.
- (iv) The representations and warranties of Dehua in this Agreement are true, complete and correct in all material respects and do not contain any untrue or misleading statement of a material fact.



#### 4.2 Covenants

Dehua covenants and agrees with CKD the following:

- (a) If Dehua shall become entitled to receive or shall receive any share certificates, option or right, whether in addition to, in substitution of, as a conversion of, or in exchange for some or all of the Pledged Shares, or otherwise in respect thereof, Dehua shall accept the same as the agent of CKD, hold the same in trust for CKD and deliver the same forthwith to CKD (or to an agent or nominee, as CKD may direct) in the exact form received, together with the appropriate transfer and other documents to enable CKD or its nominee to be registered as owner thereof, to be held by CKD hereunder as addition security for the Obligations.
- (b) Dehua shall, at its own costs, defend CKD's right, title and security interest in and to all the Pledged Shares against the claims and demands of all persons whomsoever and Dehua will have good title to any other shares or assets that become Pledged Shares hereunder.
- (c) Dehua shall not sell, dispose, assign, grant any security interest or otherwise transfer all or part of any of the Pledged Shares other to CKD, nor perform any act or execute any other instrument which might prevent CKD from operating under any of the terms and conditions of this Agreement or which would limit CKD in any such option.
- (d) Dehua shall ensure that all Pledged Shares shall be registered in the central securities register of CKD as subject to pledge in favour of or in the name of CKD or its nominee, as applicable, that any certificates representing the Pledged Shares shall be forthwith delivered to and may remain in the custody of CKD or its nominee.

#### 5. DEFAULT AND REMEDIES

5.1 Dehua shall be in default under the Indemnification Agreement and this Agreement, unless waived by CKD, in any of the following events (each, an "Event of Default"):

- (a) Dehua fails to make the payment of the Liabilities or any portion thereof to CKD or otherwise fails to fulfill or perform the Obligations owing by Dehua pursuant to Section 3 of the Indemnification Agreement.
- (b) Dehua is in breach of any term, condition, obligation or covenant to CKD and such breach is not cured within three (3) days of receipt of notice by Dehua, or any representation or warranty to CKD is untrue, whether or not contained in the Indemnification Agreement and this Agreement.
- (c) Dehua declares itself to be insolvent or admits in writing its inability to pay its debts generally as they become due, or makes an assignment for the benefit of its creditors, is declared bankrupt, makes a proposal or otherwise takes advantage of provisions for relief under the *Bankruptcy and Insolvency Act*, the *Companies Creditors' Arrangement Act* or similar legislation in any jurisdiction, or makes an authorized assignment.
- (d) A receiver, receiver and manager or receiver manager of all or any part of the property, assets and undertaking of Dehua is appointed.
- (e) An order is made or an effective resolution is passed for winding up Dehua.

- (f) Without the prior written consent of CKD, Dehua creates or permits to exist any security interest in, charge, encumbrance, lien on or claim against any of the Pledged Shares which ranks or could in any event rank in priority to or *pari passu* with any of the security interests created by this Share Pledge Agreement.
- (g) The holder of any other security interest, charge, encumbrance or lien or claim against any of the property, assets or undertaking of Dehua does anything to enforce or realize on such security interest, charge, encumbrance, lien or claim.
- (h) CKD in good faith believes and has commercially reasonable grounds to believe that the prospect of payment or performance of any of the Obligations is impaired or that any of the Pledged Shares is or is about to be placed in jeopardy.

## 5.2 Remedies

Upon the occurrence and during the continuance of an Event of Default, the security interests created hereby shall immediately become enforceable and CKD may, forthwith or at any time thereafter, except in the event such Event of Default shall have been cured prior to any action by CKD or except as provided by applicable law or this Agreement, take any one or more of the following actions:

- (a) dispose of the Pledged Shares by private sale, public sale or otherwise (including giving any option or options to purchase or contract to sell) upon such terms and conditions as CKD, considers to be desirable and CKD may apply and allocate any proceeds arising from the realization of the Pledged Share to the Obligations in such manner as CKD, in its absolute discretion, shall deem appropriate;
- (b) elect to retain the Pledged Shares or any portion thereof irrevocably by giving written notice of such election to Dehua and by complying with all applicable laws governing the exercise of this right;
- (c) exercise any or all of the rights and privileges attaching to the Pledged Shares and to deal with the Pledged Shares as if CKD was the absolute owner thereof (including causing the Pledged Shares to be registered in the name of CKD or its nominee) and to collect, draw upon, receive, appropriate and realize upon the Pledged Shares or any part thereof;
- (d) file such proofs of claims or other documents as may be necessary or desirable to have their claim lodged in any bankruptcy, winding-up, liquidation, arrangement, dissolution or other proceedings (voluntary or otherwise) relating to Dehua;
- (e) commence legal action against Dehua for the difference, if any, between (i) all amounts owing by Dehua in respect of the Obligations; and (ii) the proceeds received by CKD on a disposition of the Pledged Shares (hereinafter referred to as the "Deficiency");
- (f) in the name of Dehua perform, at Dehua's expense, any and all obligations or covenants of Dehua, relating to the Pledged Shares and to enforce performance by the other parties of their obligations, covenants and agreements in relation to the Pledged Shares including by the institution and prosecution of any and all actions and proceedings as may be



deemed necessary or desirable, in the discretion of CKD, for such enforcement and the settlement of any disputes with such other parties upon such terms and conditions as CKD, in its discretion considers to be desirable;

- (g) by instrument in writing, appoint any person to be a receiver (which term shall include a receiver and manager) of the Pledged Shares or any part thereof and may remove any receiver so appointed and appoint another in its stead; and any receiver so appointed shall have the authority to do any of the acts specified in Subsections 5.2(c), (d), (f) and (h) hereof and to take possession of and collect dividends, interest, distributions and other like payments payable to Dehua in respect of the Pledged Shares and pay therefrom all charges relating to or in respect of the Pledged Shares; or
- (h) take any other action, suit, remedy or proceeding authorized or permitted by this Agreement or by law or in equity.

### 5.3 Sale of Pledged Shares

Any sale referred to in Subsection 5.2(a) may be a sale of all or any portion of the Pledged Shares and may be by way of public auction, public tender, private contract or otherwise. Any sale pursuant to this Section 5.3 may be made with or without any special condition as to the upset price, reserve bid, title or evidence of title or other matter and may be made from time to time as CKD, in its sole discretion deems fit, with power to vary or rescind any such sale or buy in at any public sale and resell without being accountable for any loss. CKD may sell the Pledged Shares for a consideration payable by installments either with or without taking security for the payment of such installments and may and deliver to any purchaser thereof good and sufficient deeds, assurance and conveyances of the Pledged Shares and given receipts for the purchase money, and any such sale shall be perpetual bar, both at law and in equity, against Dehua and all those claiming an interest by, from, through or under Dehua. In the event of any sale pursuant to this Section 5.3, Dehua hereby covenants and agrees to provide all information, certificates and consents required under applicable securities laws or under the rules, by-laws or policies of the exchange(s) on which any of the Pledged Shares may be listed and posted for trading to permit the due and valid sale of the Pledged Shares in compliance with such laws, rules, by-laws or policies.

### 5.4 Deficiency

Where the Pledged Shares have been disposed of by CKD as provided herein, the Deficiency shall be paid by Dehua to CKD forthwith after demand therefor shall have been made by CKD to Dehua. Payment of the Deficiency together with any interest shall form part of the Obligations and be secured by the security interests created hereunder.

### 5.5 Obligations of CKD

CKD shall not be under any obligation, or be liable or accountable for any failure, to enforce payment or performance of the obligations or to seize, collect, realize or obtain payment with respect to the Pledged Shares or to preserve any of its rights, Dehua or any other person in respect of the Pledged Shares or to exercise or exhaust any of their rights and remedies hereunder or under or with respect to the Pledged Shares and shall not be under any obligation to institute proceedings for any of such purposes. CKD shall not be responsible for any loss occasioned by any sale or other dealing with the Pledged Shares or by retention of or failure to sell or otherwise

deal therewith or be bound to protect the Pledged Shares from depreciating in value or becoming worthless other than as a result of wilful misconduct.

**5.6 Rights and Remedies Cumulative**

The rights and remedies given to CKD hereunder shall be cumulative of and not in substitution for any rights or remedies to which CKD may be entitled under any other security provided to CKD or which may be available at law or in equity and may be exercised whether or not CKD has pursued or is then pursuing any other such rights or remedies.

**6. ACKNOWLEDGEMENTS BY DEHUA**

**6.1 Acknowledgements**

Dehua hereby:

- (a) acknowledges receipt of a copy of this Agreement;
- (b) agrees that the pledge created hereby or to be created shall be and be deemed to be effective whether the Obligations hereby secured before, upon or after the date of execution of this Agreement; and
- (c) agrees not to assert against CKD, and acknowledges that the rights of CKD shall not be subject to, any claim, defense, demand, set-off or other rights, whether at law or in equity, that Dehua has or may have against CKD under any agreement or instrument other than the Indemnification Agreement or this Agreement.

**7. WAIVER**

**7.1 Waiver by CKD**

CKD may in its sole discretion, at any time by written notice delivered to Dehua, waive in whole or in part any breach of this Agreement, any Event of Default or any rights or remedies hereunder or otherwise and may grant extension of time or other indulgences to, accept compositions from or grant releases and discharges to Dehua in respect of the collateral or otherwise deal with Dehua or with the Pledged Shares and any security held by CKD as it may see fit without prejudice to the liability of Dehua's right hereunder. Dehua hereby agrees that any such waiver shall not be a waiver of any other or subsequent breach of this Agreement or Event of Default and that any failure by CKD to exercise any of its rights or remedies hereunder or otherwise shall in no way affect or impair CKD's security interest or the rights and remedies of CKD hereunder or otherwise.

**7.2 Waiver in writing**

No term, condition or provision hereof or any right hereunder, or in respect thereof, shall be, or shall be deemed to have been, waived by CKD, except by express written waiver signed by CKD, all such waivers to extend only to the particular circumstances therein specified.

**8. POWER OF ATTORNEY****8.1 Power of Attorney**

Dehua hereby irrevocably constitutes and appoints CKD and any one of its directors and officers holding office from time to time and its nominees and agents as the true and lawful attorney of Dehua with power of substitution in the name of Dehua to do any and all such acts and things or execute and deliver all such agreements, documents and instruments as CKD, in its sole discretion, considers necessary or desirable to carry out the provisions and purposes of this Agreement or to exercise its rights and remedies hereunder, including, without in any way limiting the generality of the foregoing: (i) transferring any or all of the Pledged Shares into the name of CKD or to any person who acquires the same pursuant to the provision of Section 5.2; (ii) endorsing, negotiating or redeeming any Pledged Shares; (iii) exercising any voting rights associated with the Pledged Shares and executing any proxies or similar instruments in furtherance thereof; and (iv) realizing or collecting any proceeds or any dividends, principals, interest or other payments in respect of the Pledged Shares; *provided* that such power of attorney shall NOT be exercised until an Event of Default has occurred and so long as the same is continuing. Dehua hereby ratify all acts or any such attorney taken or done in accordance with this Section 8.1. This power of attorney being coupled with an interest shall not be revoked or terminated by way of act or thing and shall remain in full force and effect until this Agreement has been terminated

**9 MISCELLANEOUS****9.1 Effective Date**

This Agreement shall become effective as of the date first written above. This Agreement and the security interests created hereunder are in addition to and not in substitution for any other security granted by Dehua to CKD, whether before or after the execution of this Agreement. The security interest shall be a general and continuing security interest and shall continue in full force and effect until terminated as provided in Section 9.2.

**9.2 Termination**

This Agreement may be terminated by written agreement made between CKD and Dehua at any time when all of the Obligations have been fully paid or satisfied and all commitments or other obligations of CKD under this Agreement or otherwise have been terminated or cancelled and Dehua is entitled to obtain the release of the Pledged Shares or any part thereof from the security interests granted hereunder in accordance with the terms of this Agreement or other document, as applicable.

**9.3 Security Interests Effective Immediately**

The security interest granted pursuant to this Agreement shall take effect forthwith upon the execution of this Agreement by Dehua.

**9.4 Filings**

Dehua authorizes CKD to make such registrations, filings or recordings or such re-registrations, re-filings or re-recordings against Dehua as it may deem necessary or appropriate to perfect or

secure the security interests created hereunder, including without limitation, filing a financing statement to be registered in respect of the Pledged Shares in the British Columbia Personal Property Registry under the PPSA.

**9.5 Further Assurance**

Dehua shall, from time to time at the request of CKD, make and do all such acts and things and execute and deliver all such instruments, agreements and documents as CKD shall request by notice in writing given to CKD in order to create, preserve, perfect, validate or otherwise protect the security interests created hereunder, to enable CKD to exercise and enforce any of its rights and remedies hereunder and generally to carry out the provisions and intentions of this Agreement.

**9.6 Paramountcy of Indemnification Agreement**

This Agreement is entered into in connection with the Indemnification Agreement and is subject to terms thereof. In the event of any inconsistency between, and/or conflict with, the terms of this Agreement and the terms of the Indemnification Agreement, the provisions of the Indemnification Agreement shall prevail and the rights and obligations hereunder shall be construed in accordance with the provisions of the Indemnification Agreement.

**9.7 Entire Agreement**

This Agreement contains the entire agreement between the parties relating to the security interests granted in this Agreement. Any modification of this Agreement shall not be binding unless in writing and signed by CKD and Dehua. There are no representations, warranties, covenants or acknowledgements affecting, or relied upon in connection with the entering into this Agreement or any secured property, other than as expressed in this Agreement in writing.

**9.8 Time of Essence**

Time shall be of the essence of this Agreement.

**9.9 Assignment**

This Agreement shall not be transferable or assignable.

**9.10 Sections and Headings**

The captions and headings appearing in this Agreement are inserted for convenience of reference only and shall not affect the interpretation of this Agreement.

**9.11 Amendment and Waiver**

No amendment or waiver of any provision of this Agreement shall be binding on any party unless consented to in writing by such party. No waiver of any provision of this Agreement shall constitute a waiver of any other provision, nor shall any waiver constitute a continuing waiver unless otherwise expressly provided.

**9.12 Disclosure**

Neither party shall disclose this Agreement or any aspect of such transaction except to its board of directors, its senior management, its legal, accounting, financial or other professional advisors, or as may be required by any applicable law or any regulatory authority having jurisdiction.

**9.13 Governing Law**

This Agreement shall be construed, interpreted and enforced in accordance with, and the respective rights and obligations of the parties shall be governed by, the laws of the Province of British Columbia and the federal laws of Canada applicable therein, and each of the parties hereto hereby irrevocably attorns to the jurisdiction of the courts of the Province of British Columbia.

**9.14 Counterparts**

This Agreement may be executed in counterparts, by original or telefacsimile signature, each of which shall constitute an original and all of which taken together shall constitute one and the same instrument.

**9.15 Severability**

If any term, covenant or condition of this Agreement or the application thereof to any party or circumstance will, to any extent, be held to be invalid or unenforceable, then (a) the remainder of this Agreement, or the application of such term, covenant or condition to parties or circumstances other than those as to which it is held invalid or unenforceable, will not be affected thereby and each term, covenant or condition of this Agreement will be valid and be enforced to the fullest extent permitted by law; and (b) the parties hereto covenant and agree to renegotiate any such term, covenant or application thereof in good faith in order to provide a reasonably acceptable alternative to the term, covenant or condition of this Agreement or the application thereof that is invalid or unenforceable, it being the intent of the parties that the basic purposes of this Agreement are to be effectuated.

**9.16 Notice**

All notices or other documents required or permitted to be given hereunder shall be in writing and personally delivered or sent by registered mail or via e-mail to the address of the intended recipient set forth below or at such other address as may from time to time be notified by any of the parties hereto in the manner herein provided:

(a) if to Dehua, at:

(b) if to CKD, at:

**9.17 Independent Legal Advice**

By executing this Agreement, each of the parties confirms that it has been given the opportunity to seek and obtain independent legal advice with respect to the subject matter and transactions contemplated in this Agreement, and has either received independent legal advice or has decided, voluntarily without influence from any other person, that it does not need to seek such independent legal advice in relation to this Agreement and transactions contemplated herein.

**9.18 Language**

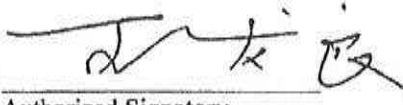
This Agreement and any of the Ancillary Documents are drawn up in English language. In the event of any conflict between the English language version and any transaction, the English language version shall prevail and any interpretation as to the meaning of this Agreement and the Ancillary Documents shall be made in accordance with the English language version.

**9.19 Enurement**

This Agreement and everything herein contained shall enure to the benefit of CKD and its successors and assigns and shall be binding upon Dehua and its successors and assigns.

IN WITNESS WHEREOF this Agreement has been executed by the parties.

**CANADIAN KAILUAN DEHUA MINES CO., LTD.**

By:   
Authorized Signatory

**CANADIAN DEHUA INTERNATIONAL MINES  
GROUP INC.**

By:   
Authorized Signatory

## APPENDIX "A"

CORPORATION	KIND OF SHARES	NUMBER OF SHARES
Canadian Kailuan Dehua Mines Co., Ltd.	COMMON	30,440,900



2



**INDEMNIFICATION AGREEMENT**

**THIS AGREEMENT** made this 1 day of Dec., 2016.

**BETWEEN:**

**Canadian Kailuan Dehua Mines Co., Ltd.**, a company incorporated under the laws of British Columbia, Canada and having its office at 3800 Westbrook Mall, Vancouver, British Columbia V6S 2L9

("CKD")

**AND:**

**Canadian Dehua International Mines Group Inc.**, a company incorporated under the laws of British Columbia, Canada and having its office at 1450-1199 West Hastings Street, Vancouver, British Columbia V6E 3T5

("Dehua")

**WHEREAS:**

- A. Dehua transferred certain coal mine assets to CKD at an agreed-upon value of US\$45,000,000.00;
- B. Dehua requested CKD jointly make Section 85 election under the *Income Tax Act*, R.S.C. 1985, c.1 for the sole benefit of Dehua (the "**Section 85 Election**");
- C. CKD has assisted Dehua in making the Section 85 Election which may or would cause CKD to suffer a loss in tax deductions or expose tax liabilities;
- D. Pursuant to a letter agreement in Chinese language between Dehua and CKD dated November 16, 2012 (the "**2012 Letter Agreement**"), Dehua agreed to fully indemnify CKD for any losses or loss of tax benefit as well as any other legal obligations or liabilities arising from CKD's assistance in making the Section 85 Election for Dehua;
- E. Dehua also agreed in the 2012 Letter Agreement to pledge to CKD, for the benefit of CKD, all of CKD shares owned and held by Dehua as security in fulfilling Dehua's obligations in respect of the indemnification; and
- F. Dehua is the registered and beneficial owner of **30,440,900** Common shares in the capital of CKD.

**NOW THEREFORE THIS AGREEMENT WITNESSES THAT** in consideration of the mutual promises contained in this Agreement, the parties agree with each other as follows:

**1. DEFINITIONS**

In this Agreement:

- (a) **"Agreement"** means this Indemnification Agreement and all amendments made hereto between the parties;
- (b) **"Ancillary Documents"** means each and every agreement or instrument between the parties or any of them, other than this Indemnification Agreement and referred to herein, including but not limited to the Share Pledge Agreement and all other additional agreements and transaction documents as may be necessary or desirable from time to time to effect any of the transactions contemplated by this Indemnification Agreement;
- (c) **"CKD Indemnified Party"** means (i) CKD; and (ii) each director, officer, employee, agent, consultant, advisor and other representatives of CKD who is involved in the transactions contemplated by the 2012 Letter Agreement and this Indemnification Agreement;
- (d) **"Governmental Authority"** means:
  - (i) any federal, provincial, state, local, municipal, regional, territorial, aboriginal, or other government, governmental or public department, branch, ministry, or court, domestic or foreign, including any district, agency, commission, board, arbitration panel or authority and any subdivision or any of them exercising or entitle to exercise any administrative, executive, judicial, ministerial, prerogative, legislative, regulatory or taxing authority or power of any nature; and
  - (ii) any quasi-governmental or private body exercising any regulatory, expropriation or tax authority under or for the account of any of them, and any subdivision of any of them.
- (e) **"Liabilities"** means any and all taxes, charges, liabilities, obligations, losses, damages, penalties, interest, claims, actions, suits, judgments, settlements, out-of-pocket costs, fines, expenses and disbursements (including reasonable costs of investigation, and reasonable fee for attorneys, accounts and expert witnesses) of whatever kind and nature (whether known or unknown, liquidated or unliquidated, due or to become due and whether absolute, accrued, contingent, fixed or otherwise) that are incurred by CKD at any time and from time to time arising from, as a result of, caused by, associated with or related to, in any manner whatsoever, CKD making the Section 85 Election and/or Dehua breaching its representations and warranties under the 2012 Letter Agreement, this Indemnification Agreement or Share Pledge Agreement, including but not limited to, taxes payable, penalties, interests and administrative, accounting and legal expenses;
- (f) **"Obligations"** has the meaning attributed to such term in the Share Pledge Agreement;
- (g) **"Pledged Shares"** has the meaning attributed to such term in the Share Pledge Agreement;
- (h) **"Share Pledge Agreement"** has the meaning attributed to such term in Section 3.3 hereof; and
- (i) **"Tax Authority"** means any government, Governmental Authority, agency, commission, body, service bureau or other entity entitled under applicable law to impose, assess or collect taxes.

## **2. TERM**

- 2.1 The term of the 2012 Letter Agreement, this Indemnification Agreement and any of Ancillary Documents shall not terminate until (i) CKD receives full payment to compensate against all the Liabilities and (ii) CKD has been satisfied or ensures, in its sole discretion, that it will not further incur or suffer any Liabilities.

## **3. INDEMNIFICATION**

- 3.1 Dehua shall, at its own expense, indemnify, defend and protect each of the CKD Indemnified Parties and save them fully harmless from and against, and will reimburse them for, any and all of the Liabilities whatever at any time and from time to time suffered or incurred by CKD or other CKD Indemnified Parties.
- 3.2 If any of the CKD Indemnified Parties receives a notice of a notice of assessment or reassessment, a written proposal for an assessment or reassessment, a notice of confirmation of an assessment or reassessment, or a similar document (a "Tax Notice") from any Tax Authority for any taxes in respect of which a claim or Liabilities may be made for indemnification under this Indemnification Agreement ("Indemnified Taxes"), such CKD Indemnified Party will promptly (but in any event within thirty (30) days of receipt thereof) deliver a copy of the Tax Notice to Dehua, together with all correspondence and any other documents received by the CKD Indemnified Party with respect to such Tax Notice. Dehua shall, within fifteen (15) days of receipt thereof, reimburse CKD Indemnified Party for an amount equal to such Indemnified Taxes.
- 3.3 All Obligations, indebtedness and Liabilities owing by Dehua to CKD in connection with, arising from or pursuant to 2012 Letter Agreement and this Indemnification Agreement shall be secured by first priority perfected security interests on, to and against all the Pledged Shares. Dehua shall, concurrently with entering into this Agreement, execute and deliver a share pledge agreement (the "Share Pledge Agreement") in the same form as set out in Schedule 3.3 in order to secure the fulfillment and performance of all the Obligations and Liabilities and grant the security interests in favour of CKD on and against all of the Pledged Shares.
- 3.4 In the event that Dehua fails to make the payment of Indemnified Taxes to CKD Indemnified Party as required under Section 3.2 hereof or fails to perform any of the Obligations or upon the occurrence of an Event of Default (as such term is defined in the Share Pledge Agreement) that is continuing, CKD shall be entitled to enforce the security in accordance with the Share Pledge Agreement.

## **4. REPRESENTATIONS AND WARRANTIES**

### **4.1 Representations and Warranties of Dehua**

Dehua hereby represents and warrants to CKD as follows and acknowledges that CKD is relying on those representations and warranties in entering into, and completing the transactions contemplated by, this Agreement and the Ancillary Documents:

- (a) Dehua has been duly incorporated and organized, is validly existing and in good standing under the laws of the Province of British Columbia.

- (b) Dehua is duly registered, licensed or qualified to carry on business under the laws of the Province of British Columbia.
- (c) This Agreement and each of the Ancillary Documents have been duly executed and delivered by Dehua and constitutes a valid and binding obligation of Dehua, enforceable against it in accordance with their respective terms.
- (d) The execution and delivery of this Agreement and each of the Ancillary Documents and the completion of the transactions contemplated hereby and thereby have been duly and validly authorized by all the necessary corporate action(s) on the part of Dehua.
- (i) No authorization, consent, permit or approval of, exemption or other action by, filing with, or notice to, any Governmental Authority is required by Dehua in connection with the execution and delivery by it of this Agreement or the performance of its Obligations under this Agreement.
- (e) None of the execution and delivery of this Agreement or any of the Ancillary Documents, the performance of Dehua's obligations hereunder or the consummation of the transactions herein provided for will (i) result in or constitute a breach of any terms or provision of, or constitute a default under, the articles or by-laws of Dehua or any agreement, or other commitment to which Dehua is a party; or (ii) constitute an event which would permit any party to any agreement with Dehua to terminate that agreement or to accelerate the maturity of any indebtedness of Dehua or other obligation of Dehua.
- (f) Dehua has good and marketable title to the Pledged Shares owned and held by it, free and clear of all encumbrances and rights of any other persons.
- (i) The representations and warranties of Dehua in this Agreement are true, complete and correct in all material respects and do not contain any untrue or misleading statement of a material fact.

5. **REPRESENTATIONS AND WARRANTIES OF CKD**

CKD hereby represents and warrants to Dehua as follows and acknowledges that Dehua is relying on those representations and warranties in entering into, and completing the transactions contemplated by, this Agreement and Ancillary Documents:

- (a) CKD is a corporation duly incorporated, validly existing and in good standing under the laws of British Columbia.
- (b) This Agreement and each of the Ancillary Documents have been duly executed and delivered by CKD and constitutes a valid and binding obligation of CKD, enforceable against it in accordance with their respective terms.
- (c) The execution and delivery of this Agreement and the Ancillary Documents and the completion of the transactions contemplated hereby and thereby have been duly and validly authorized by all the necessary corporate action(s) on the part of CKD.
- (d) None of the execution and delivery of this Agreement or any of the Ancillary Documents, the performance of CKD's obligations hereunder or the consummation of the transactions herein provided for will (i) result in or constitute a breach of any terms or provision of, or

constitute a default under, the articles or by-laws of CKD or any agreement, or other commitment to which CKD is a party; or (ii) constitute an event which would permit any party to any agreement with CKD to terminate that agreement or to accelerate the maturity of any indebtedness of CKD or other obligation of CKD.

- (e) The representations and warranties of CKD in this Agreement are true, complete and correct in all material respects and do not contain any untrue or misleading statement of a material fact.

**6. MISCELLANEOUS**

**6.1 Further Assurance**

Dehua covenants and agrees that, from time to time subsequent to the date hereof, it will, at the request of CKD, execute and deliver all such documents, including, without limitation, all such additional conveyances, transfers, consents and other assurances or instruments and do all such other acts and things as CKD, acting reasonably, may from time to time request be executed or done in order to better evidence or perfect or effectuate any provision of this Agreement, the Share Pledge Agreement, other Ancillary Documents or any of the respective obligations intended to be created hereby or thereby.

**6.2 Expenses of the Parties**

Each of the parties hereto shall bear their own expenses (including those of legal counsel, tax advisor, accountants and other professional advisers) incurred in connection with preparation and execution of the transactions contemplated herein.

**6.3 Entire Agreement**

This Agreement, along with the 2012 Letter Agreement and the Ancillary Documents, constitute the entire agreement between the parties and there are no representations or warranties, express or implied, statutory or otherwise and no agreements collateral hereto other than as expressly set forth or referred to herein.

**6.4 Time of Essence**

Time shall be of the essence of this Agreement.

**6.5 Assignment**

This Agreement shall not be transferable or assignable.

**6.6 Sections and Headings**

The captions and headings appearing in this Agreement are inserted for convenience of reference only and shall not affect the interpretation of this Agreement.

**6.7 Amendment and Waiver**

No amendment or waiver of any provision of this Agreement shall be binding on any party unless consented to in writing by such party. No waiver of any provision of this Agreement shall constitute a waiver of any other provision, nor shall any waiver constitute a continuing waiver unless otherwise expressly provided.

**6.8 Disclosure**

Neither party shall disclose this Agreement or any aspect of such transaction except to its board of directors, its senior management, its legal, accounting, financial or other professional advisors, or as may be required by any applicable law or any regulatory having jurisdiction.

**6.9 Governing Law**

This Agreement shall be construed, interpreted and enforced in accordance with, and the respective rights and obligations of the parties shall be governed by, the laws of the Province of British Columbia and the federal laws of Canada applicable therein, and each of the parties hereto hereby irrevocably attorns to the jurisdiction of the courts of the Province of British Columbia.

**6.10 Counterparts**

This Agreement may be executed in counterparts, by original or telefacsimile signature, each of which shall constitute an original and all of which taken together shall constitute one and the same instrument.

**6.11 Severability**

If any term, covenant or condition of this Agreement or the application thereof to any party or circumstance will, to any extent, be held to be invalid or unenforceable, then (a) the remainder of this Agreement, or the application of such term, covenant or condition to parties or circumstances other than those as to which it is held invalid or unenforceable, will not be affected thereby and each term, covenant or condition of this Agreement will be valid and be enforced to the fullest extent permitted by law; and (b) the parties hereto covenant and agree to renegotiate any such term, covenant or application thereof in good faith in order to provide a reasonably acceptable alternative to the term, covenant or condition of this Agreement or the application thereof that is invalid or unenforceable, it being the intent of the parties that the basic purposes of this Agreement are to be effectuated.

**6.12 Notice**

All notices or other documents required or permitted to be given hereunder shall be in writing and personally delivered or sent by registered mail or via e-mail to the address of the intended recipient set forth below or at such other address as may from time to time be notified by any of the parties hereto in the manner herein provided:

(a) if to Dehua, at:



Mail Address: 1450-1199 W Hastings St. Vancouver V6E 3T5  
Telephone: 604-697-0118 ext.106  
E-mail: rocky.hu@dehua.ca

(b) if to CKD, at:

Mail Address: 3800 Wesbrook Mall Vancouver V6S 2L9  
Telephone: 604-6979212  
E-mail: mizhe.wang@kailuandehua.com

#### 6.13 Independent Legal Advice

By executing this Agreement, each of the parties confirms that it has been given the opportunity to seek and obtain independent legal advice with respect to the subject matter and transactions contemplated in this Agreement, and has either received independent legal advice or has decided, voluntarily without influence from any other person, that it does not need to seek such independent legal advice in relation to this Agreement and transactions contemplated herein.

#### 6.14 Language

This Agreement and any of the Ancillary Documents are drawn up in English language. In the event of any conflict between the English language version and any transaction, the English language version shall prevail and any interpretation as to the meaning of this Agreement and the Ancillary Documents shall be made in accordance with the English language version.

#### 6.15 Enurement

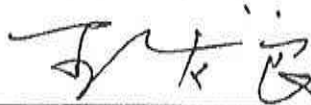
- Ⓐ This Agreement and everything herein contained shall enure to the benefit of CKD and its successors and assigns and shall be binding upon Dehua and its successors and assigns.

*[signature page follows]*

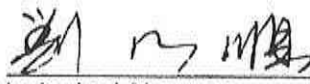


IN WITNESS WHEREOF this Agreement has been executed by the parties.

CANADIAN KAILUAN DEHUA MINES CO., LTD.

By:   
Authorized Signatory

CANADIAN DEHUA INTERNATIONAL MINES  
GROUP INC.

By:   
Authorized Signatory

**SCHEDULE 3.3**  
**SHARE PLEDGE AGREEMENT**

Page: 1

BC OnLine: PPRS SEARCH RESULT 2021/03/29  
 Lterm: XPSP0054 For: PZ57536 FASKEN MARTINEAU DUMOULIN LLP, 09:15:08

Index: BUSINESS DEBTOR  
 Search Criteria: CANADIAN DEHUA INTERNATIONAL MINES GROUP INC.

\*\*\*\*\* P P S A S E C U R I T Y A G R E E M E N T \*\*\*\*\*

Reg. Date: DEC 07, 2016 Reg. Length: 10 YEARS  
 Reg. Time: 13:52:18 Expiry Date: DEC 07, 2026  
 Base Reg. #: 703439J Control #: D4206342

Block#

S0001 Secured Party: CANADIAN KAILUAN DEHUA MINES CO.,  
 LTD.  
 3800 WESBROOK MALL  
 VANCOUVER BC V6S 2L9

=D0001 Base Debtor: CANADIAN DEHUA INTERNATIONAL MINES  
 (Business) GROUP INC.  
 1450-1199 WEST HASTINGS STREET  
 VANCOUVER BC V6E 3T5

## General Collateral:

ALL THE SHARES IN THE CAPITAL OF CANADIAN KAILUAN DEHUA MINES CO., LTD  
 NOW HELD AND HEREAFTER ACQUIRED FROM TIME TO TIME BY DEBTOR  
 AND ANY SUBSTITUTION THEREFOR, ADDITIONS THERE TO AND PROCEEDS THEREOF  
 ARISING FROM ANY CONSOLIDATION, SUBDIVISION, RECLASSIFICATION,  
 CONVERSION, DIVIDEND OR SIMILAR INCREASE OR DECREASE IN OR ALTERATION  
 OF THE CAPITAL OF CANADIAN KAILUAN DEHUA MINES CO., LTD. OR ANY OTHER  
 EVENT AND ANY SHARES ACQUIRED PURSUANT TO THE EXERCISE OF A RIGHT OR  
 OFFER GRANTED OR MADE BY DEBTOR TO THE EXTENT THAT ANY SUCH RIGHT OR  
 OFFER ARISES OUT OF THE OWNERSHIP OF ANY SHARES IN THE CAPITAL OF  
 CANADIAN KAILUAN DEHUA MINES CO., LTD. TOGETHER WITH ANY DIVIDENDS OR  
 OTHER MONEYS NOW OR THEREAFTER RECEIVED OR DECLARED IN RESPECT OF THE  
 PLEDGED SHARES AND ALL OTHER RIGHTS AND CLAIMS OF DEBTOR IN RESPECT OF  
 THE PLEDGED SHARES.

## Registering

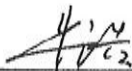
Party: SANDY WANG LAW CORP.  
 410-938 HOWE STREET  
 VANCOUVER BC V6Z 1N9

\*\*\*\*\*

Some, but not all, tax liens and other Crown claims are registered at the  
 Personal Property Registry (PPR) and if registered, will be displayed on  
 this search result. HOWEVER, it is possible that a particular chattel is  
 subject to a Crown claim that is not registered at the PPR. Please consult  
 the Miscellaneous Registrations Act, 1992 for more details. If you are

[illegible]

This is **Exhibit "G"** referred to in the affidavit of Yang Yang sworn before me at Haidian, Beijing, People's Republic of China this 30th day of March, 2022

  
\_\_\_\_\_  
A Commissioner for taking Affidavits  
For Haidian, Beijing, People's Republic of  
China



No. S-200699  
Vancouver Registry

**SUPREME COURT OF BRITISH COLUMBIA**

Between

CHINA SHOUGANG INTERNATIONAL TRADE & ENGINEER  
CORPORATION

Plaintiff

and

CANADIAN DEHUA INTERNATIONAL MINES GROUP INC.

Defendant

**NOTICE OF APPOINTMENT OR CHANGE OF LAWYER**

TAKE NOTICE that JORDAN SCHULTZ has been appointed to act as the lawyer for the Plaintiff, China Shougang International Trade & Engineer Corporation, in place of Cameron Lee of Henderson Lee Law.

Dated: February 1, 2022

DocuSigned by:  
*Jordan Schultz*  
PC5570027850462  
Lawyer: JORDAN SCHULTZ

Party's address for Service:

Dentons Canada LLP  
20<sup>th</sup> Floor, 250 Howe St.  
Vancouver, BC V6R 3C8  
Attention: Jordan Schultz  
604-683-5214  
[jordan.schultz@dentons.com](mailto:jordan.schultz@dentons.com)  
604-691-6452

Fax (optional):

Email (optional):

Telephone (optional):

This is **Exhibit "H"** referred to in the affidavit of Yang Yang sworn before me at Haidian, Beijing, People's Republic of China this 3<sup>rd</sup> day of March, 2022



\_\_\_\_\_  
A Commissioner for taking Affidavits  
For Haidian, Beijing, People's Republic of  
China



大成 DENTONS

Jordan Schultz  
PartnerJordan.Schultz@dentons.com  
D +1 604 691 6452Dentons Canada LLP <sup>55</sup>  
20th Floor, 250 Howe Street  
Vancouver, BC, Canada V6C 3R8

dentons.com

February 9, 2022

File No.: 589884-1

**DELIVERED BY REGISTERED MAIL**Canadian Dehua International Mines Group Inc.  
c/o Registered & Records Office  
Suite 202 – 2232 West 41<sup>st</sup> Avenue  
Vancouver, BC V6M 1Z8**Attention: Nai Shun Liu**

Dear Sir/Madam:

**Re: China Shougang International Trade & Engineer Corporation v. Canadian Dehua  
International Mines Group Inc.  
Court File No. S-200699, Vancouver Registry (the "Action")**

We are the newly appointed counsel for the plaintiff, China Shougang International Trade &amp; Engineer Corporation ("Shougang"), in respect of the above-noted Action.

In this regard, please find enclosed for service upon you a copy of our Notice of Appointment or Change of Solicitor filed February 1, 2022. We ask that you please direct all future communications to:

Jordan Schultz, [jordan.schultz@dentons.com](mailto:jordan.schultz@dentons.com), 604-691-6452; and  
Eamonn Watson, [eamonn.watson@dentons.com](mailto:eamonn.watson@dentons.com), 604-629-4997.

On January 19, 2021, the Supreme Court of British Columbia granted judgment in the Action against Canadian Dehua International Mines Group Inc. ("Dehua") in favour of Shougang in the amount of \$20,826,789.83 (the "Judgment").

We are instructed that the Judgment remains substantially unpaid, with the exception of \$5,698.34, which was garnished from Canadian Imperial Bank of Commerce.


On behalf of our client, we hereby make further demand for payment of the Judgment by Dehua.

This letter is to advise you that unless payment of the Judgment, plus all applicable interest to the date of payment under the *Court Order Interest Act*, R.S.B.C. 1996, c. 79, plus legal costs, is made into this office by certified cheque or bank draft payable to Dentons Canada LLP, in trust, on or before February 11, 2022, further legal proceedings may be commenced against you without further notice.Fernanda Lopes & Assoociados ► Guevara & Gutierrez ► Paz Horowitz Abogados ► Sirote ► Adepetun Caxton-Martins Agbor & Segun ► Davis Brown ► East African Law Chambers ► Eric Silwamba, Jalasi and Linyama ► Durham Jones & Pinegar ► LEAD Advogados ► Rattagan Macchiavello Arocena ► Jiménez de Aréchaga, Viana & Brause ► Lee International ► Kensington Swan ► Bingham Greenebaum ► Cohen & Grigsby ► Sayarh & Menjra ► For more information on the firms that have come together to form Dentons, go to [dentons.com/legacyfirms](http://dentons.com/legacyfirms)

NATDOCS\61088913\W-1

Yours truly,

Dentons Canada LLP

  
Jordan Schultz  
Partner/sh  
Encl.

DocuSign Envelope ID: BD7FE134-4023-4ECD-934C-29AD8602A0FB



No. S-200699  
Vancouver Registry

# SUPREME COURT OF BRITISH COLUMBIA

Between

CHINA SHOUGANG INTERNATIONAL TRADE & ENGINEER  
CORPORATION

Plaintiff

and

CANADIAN DEHUA INTERNATIONAL MINES GROUP INC.

Defendant

## NOTICE OF APPOINTMENT OR CHANGE OF LAWYER

TAKE NOTICE that JORDAN SCHULTZ has been appointed to act as the lawyer for the Plaintiff, China Shougang International Trade & Engineer Corporation, in place of Cameron Lee of Henderson Lee Law.

Dated: February 1, 2022

DocuSigned by:  
*Jordan Schultz*  
Lawyer: JORDAN SCHULTZ

Party's address for Service:

Dentons Canada LLP  
20<sup>th</sup> Floor, 250 Howe St.  
Vancouver, BC V6R 3C8  
Attention: Jordan Schultz

Fax (optional):

604-683-5214

Email (optional):

[jordan.schultz@dentons.com](mailto:jordan.schultz@dentons.com)

Telephone (optional):

604-691-6452

880018\4\60842479\V-1

**Watson, Eamonn**

---

**From:** Watson, Eamonn <eamonn.watson@dentons.com>  
**Sent:** Friday, February 11, 2022 3:39 PM  
**To:** rocky.hu@dehua.ca; lns9168@hotmail.com  
**Subject:** China Shougang International Trade & Engineer Corporation v. Canadian Dehua International Mines Group Inc., Court File No. S-200699  
**Attachments:** 2022-02-09 \_ LT Canadian Dehua encl. Notice of Appointment.pdf

Hello,

Please find attached for service upon you, our letter dated February 9, 2022, with respect to this action. The attached letter was sent by registered mail to the registered and records office of Canadian Dehua International Mines Group Inc.

Kind regards,



**Eamonn F. Watson**  
Associate

My pronouns are: He/Him/His

What's Next? The answer is Talent. With more than 20,000 people, 12,000 lawyers and 200 locations, Dentons has the talent for what you need, where you need it.


D +1 604 629 4997  
 eamonn.watson@dentons.com  
 Bio | Website

Dentons Canada LLP  
 20th Floor, 250 Howe Street Vancouver, BC V6C 3R8 Canada

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This is **Exhibit "I"** referred to in the affidavit of Yang Yang sworn before me at Haidian, Beijing, People's Republic of China this 30th day of March, 2022



\_\_\_\_\_  
A Commissioner for taking Affidavits  
For Haidian, Beijing, People's Republic of  
China

**D. MANNING & ASSOCIATES INC.****Licensed Insolvency Trustee**

Suite 520  
625 Howe Street  
Vancouver, B.C.  
V6C 2T6

Telephone: (604) 683-8030  
Facsimile: (604) 683-8327  
<http://www.manning-trustee.com>

March 1, 2022

**VIA EMAIL**

Dentons Canada LLP  
20th Floor, 250 Howe Street  
Vancouver, BC V6C 3R8

**Attention: Jordan Schultz**

Dear Sirs:

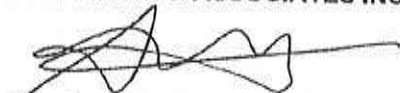
**RE: Canadian Dehua International Mines Group Inc., in Bankruptcy  
Consent to Act as Licensed Insolvency Trustee**

This letter is to confirm that D. Manning & Associates Inc., located at Suite 520-625 Howe Street, Vancouver, British Columbia, V6C 2T6, hereby consents to act as Licensed Insolvency Trustee in the Bankruptcy of Canadian Dehua International Mines Group Inc. upon the application by China Shougang International Trade & Engineer Corporation pursuant to section 43 of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3.

Should you have any questions please do not hesitate to contact the undersigned at (604) 683-8030.

Yours very truly,

**D. MANNING & ASSOCIATES INC.**



Per: Alex E.H. Ng, President, LL.B, CIRP



This is the 1<sup>st</sup> affidavit  
of Y. Yang in this proceeding  
and was made on 8/JUN/2022

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, **YANG YANG**, senior investment manager, of 22 Floor, Shougang International Building, North Street No.60, Xizhimen, Haidian District, Beijing, People's Republic of China, SWEAR (OR AFFIRM) THAT:

1. I am the senior investment manager of China Shougang International Trade & Engineering Corporation ("**Shougang**"), a creditor in this proceeding, and as such I have personal knowledge of the facts and matters deposed to herein, except where stated to be based upon information and belief, and where so stated I verily believe the same to be true.
2. Shougang is also the applicant in the application for bankruptcy order with respect to Canadian Dehua International Mines Group Inc. ("**CDI**"), filed in the Supreme Court of British Columbia, Vancouver Registry, Court Number B-220142, Estate Number 11-254383 (the "**Bankruptcy Application**").
3. I am approved by Shougang to make this affidavit on its behalf.
4. This affidavit is further to my first affidavit made March 30, 2022 (the "**Bankruptcy Affidavit**"), and filed in support of the Bankruptcy Application.
5. Further, this affidavit responds to certain matters raised in the first affidavit of Naishun Liu, made May 31, 2022 (the "**First Liu Affidavit**"), and filed in this proceeding.

2022.6.8.



**Shougang**

6. Shougang is a limited liability company incorporated in Beijing, People's Republic of China, having an address for service in this proceeding care of its solicitors, Dentons Canada LLP, 20<sup>th</sup> Floor, 250 Howe Street, Vancouver, British Columbia, V6C 3R8.
7. Shougang is a subsidiary of Shougang Group. Shougang Group is wholly-owned by the Beijing State-owned Assets Supervision and Administration Commission (the "Beijing Commission").
8. To the best of my information and belief, Canada Zhonghe Investment Ltd. ("Zhonghe"), also a creditor of CDI, is indirectly State-owned. However, to the best of my information and belief, Zhonghe is a subsidiary of the Kailuan Group, which is under the Hebei Commission (Hebei is a different Province in People's Republic of China). Zhonghe is not owned or controlled by the Beijing Commission.
9. Although Shougang and Zhonghe are both State-owned, they are owned and controlled by different States. They have distinct management teams and operate separately from each other.

**Canadian Kailuan Dehua Mines Co., Ltd.**

10. Canadian Kailuan Dehua Mines Co., Ltd. ("CKD") was incorporated in connection with plans to develop and operate a coal project in the Northeast of the Province of British Columbia (the "Gething Coal Project").
11. The shares in CKD are held by Zhonghe (51%), CDI (24%) and Shougang International (Canada) Investment Ltd. ("Shougang Canada") (25%). Shougang Canada is a wholly-owned subsidiary of Shougang.
12. The board of directors of CKD has five members. Shougang Canada appoints one director, CDI appoints one director, and Zhonghe appoints the three remaining directors, and as such Zhonghe controls the board of directors.
13. Neither Shougang nor Shougang Canada controls CKD.
14. In response to paragraph 43 of the First Liu Affidavit, Shougang denies any such benefit. Neither Shougang nor Shougang Canada have benefited from any business project undertaken by CKD (or by Zhonghe using capital held by CKD), whether related to the Gething Coal Project or not, except to the extent that any such transaction has increased the value of Shougang Canada's shares in CKD.

2022.6.8

15. To the extent there are questions about actions taken by CKD or Zhonghe, those companies are in the best position to explain their operations, decisions and historical correspondences with either CDI or Naishun Liu ("Mr. Liu").

**History of Judgment and Dealings with CDI and Mr. Liu**

16. In or about September 2013, Shougang and CDI entered a cooperation and exploration agreement with respect to the Wapiti River coalfield project (the "**Wapiti Agreement**").

17. Under the Wapiti Agreement, Shougang agreed to pay \$10,000,000USD as a deposit (the "**Deposit**") and, if Shougang decided not to pursue the project with CDI, CDI was obliged to refund the Deposit plus interest. Shougang, through a related entity, paid the deposit on or about September 30, 2013.

18. Following negotiations with CDI, on or about October 14, 2014, and again on or about April 28, 2015, Shougang delivered to CDI a notice to withdraw from the Wapiti Agreement and formally demanded repayment of the Deposit plus interest.

19. Since as early as May 5, 2015, Mr. Liu, on behalf of CDI, has promised repayment of the Deposit plus interest to Shougang on the same, or similar, basis as outlined in the First Liu Affidavit.

20. In addition, Mr. Liu has contacted Shougang to reiterate that repayment was forthcoming, or to offer some form of settlement of the debt, almost every year since 2015. However, none of these communicates have developed into repayment of the Deposit plus interest to Shougang. This includes communications to Shougang following the Arbitral Award and the Judgment (defined below).

21. Between January 2017 and October 2017, Shougang sent ten letters to CDI requesting repayment of the Deposit plus interest. Although CDI acknowledged receipt of these letters, CDI did to repay the Deposit plus interest as required by the Wapiti Agreement.

22. On or about December 10, 2018, Shougang submitted an application for arbitration to China International Economic and Trade Arbitration Commission (the "**Arbitration Commission**") in Beijing, which was the dispute resolution method set out in the Wapiti Agreement.

23. On or about August 23, 2019, the Arbitration Commission granted an arbitral award against CDI with respect to repayment of the Deposit plus interest pursuant to the Wapiti Agreement (the "**Arbitral Award**").

24. As discussed in the Bankruptcy Affidavit, on or about January 20, 2020, Shougang commenced an action to recognize the Arbitral Award in the Supreme Court of British Columbia,

Vancouver Registry, Court Number S-200699 (the "**Action**"), against CDI by filing a notice of civil claim.

25. On January 19, 2021, the Supreme Court of British Columbia granted judgment in the Action against CDI in favour of Shougang in the amount of \$20,826,789.83 (the "**Judgment**").

26. Between January 2021 and February 2022, Shougang sought to enforce the Judgment, with limited to success. Shougang has recovered only \$5,698.34. All other enforcement steps have been unsuccessful, including attempting to seize CDI's shares in CKD.

27. On or about February 9, 2022, Shougang made a further demand for payment of the Judgment. No payments have been made by CDI on account of the Judgment.

28. On or about April 6, 2022, Shougang filed the Bankruptcy Application.

29. Shougang has exhausted all avenues to recover the Judgment.

30. Shougang has awaited repayment from CDI for almost eight years, with many failed promises from CDI and Mr. Liu.

31. Shougang no longer trusts that Mr. Liu, or CDI, can deliver on these same promises because he has repeatedly failed to do so. Therefore, Shougang does not agree that a restructuring of CDI is feasible, as suggested in the First Liu Affidavit, within this proceeding under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended.

SWORN (OR AFFIRMED) BEFORE ME at  
Haidian, Beijing, People's Republic of China,  
on 8/JUN/2022.

*Ying PRC License No. 1101200910285872*



A Commissioner for taking Affidavits within  
Haidian, Beijing, People's Republic of China

YANG YANG

Name: *Hao Niu*

Address: *Room 1002, Floor 10,*

*Building 1, Zao Yuan Street No. 16*

Telephone: *Daxing, Beijing. PRC*

*786-10-60292582*

**DRAFT**

No. S-200699  
Vancouver Registry

**IN THE SUPREME COURT OF BRITISH COLUMBIA**

Between:

CHINA SHOUGANG INTERNATIONAL TRADE & ENGINEER CORPORATION

Plaintiff

And:

CANADIAN DEHUA INTERNATIONAL MINES GROUP INC.

Defendant

**DRAFT BILL OF COSTS**

**This is the Bill of Costs of: China Shougang International Trade & Engineer Corporation**

Tariff Scale B Unit Value \$ 110

**TARIFF ITEMS**

Item #	Description	# of Units Claimed	# of Units Allowed
<i>Instructions and Investigations</i>			
1.	Correspondence, conferences, instructions, investigations or negotiations by a party until the start of the proceeding, for which provision is not made elsewhere in this tariff	5	
2.	Correspondence, conferences, instructions, investigations or negotiations by a party after the start of the proceeding to the completion of the trial or hearing, for which provision is not made elsewhere in this tariff	15	
3.	Correspondence, conferences, instructions, investigations or negotiations by a party after the trial or hearing to enforce any final order obtained in that trial or hearing, for which provision is not made elsewhere in this tariff	10	

Item #	Description	# of Units Claimed	# of Units Allowed
<i>Court Documents</i>			
6.	All process, for which provision is not made elsewhere in this tariff, for commencing and prosecuting a proceeding	5	
<i>Expert Evidence and Witnesses</i>			
17.	All process and correspondence associated with retaining and consulting all experts for the purposes of obtaining opinions for use in the proceeding	2	
<i>Applications, Hearings and Conferences</i>			
21.	Preparation for an application or other matter referred to in Item 22, for each day of hearing if hearing begun (a) if unopposed (b) if opposed	3	
22.	Application, other than an application referred to in Item 23 or 27, for each day (a) if unopposed (b) if opposed	5	
23.	Application by requisition or by written submission	3	
26.	Preparation for an application or other matter referred to in Item 27, for each day of hearing (a) if unopposed (b) if opposed	4	
27.	Hearing of proceeding, including petition, special case, proceeding on a point of law, stated case, interpleader or any other analogous proceeding, and applications for judgment under Rules 7-7(6), 9-6 or 9-7, for each day (a) if unopposed (b) if opposed	3	
<i>Attendance at Registry</i>			
42.	All process, for which provision is not made elsewhere in this tariff, relating to execution on or enforcement of an order, exclusive of any application to the court	1	

Item #	Description	# of Units Claimed	# of Units Allowed
	Total Number of Units:	56	
	Multiply by Unit Value:	\$110.00	\$ _____
	Subtotal:	\$6,160.00	\$ _____
	Tax imposed under the <i>Social Service Tax Act</i> at 7%:	\$431.20	\$ _____
	Tax imposed under Part IX <b>[Goods and Services Tax]</b> of the <i>Excise Tax Act (Canada)</i> at 5%:	\$308.00	\$ _____
	<b>Total:</b>	<b>\$6,899.20</b>	<b>\$ _____</b>

**DISBURSEMENTS**

Description	Claimed	Allowed
<b><u>TAXABLE DISBURSEMENTS</u></b>		
Agent Fees	\$971.04	\$
Bankruptcy Searches and Certificates	\$32.00	\$
BCO/LTSA Services Charges	\$406.79	\$
Courier Fees	\$605.80	
Scanning and Copying	\$130.50	
Translation Services	\$1,696.34	
Subtotal Taxable Disbursements:	\$296.73	\$
Tax imposed under the <i>Social Service Tax Act</i> :	\$8.87	\$
Tax imposed under Part IX <b>[Goods and Services Tax]</b> of the <i>Excise Tax Act (Canada)</i> :	\$113.60	\$
<b>Total Taxable Disbursements:</b>	<b>\$3,842.47</b>	<b>\$</b>
<b><u>NON-TAXABLE DISBURSEMENTS</u></b>		
Court Filing Fees	\$750.00	\$
BC Online Registration Fees	\$517.50	\$
Proposed Bankruptcy Trustee's Account	\$5,796.55	\$
Transportation	\$41.90	
<b>Total Non-Taxable Disbursements:</b>	<b>\$7,105.95</b>	<b>\$</b>
<b>Total Disbursements:</b>	<b>\$10,948.42</b>	<b>\$</b>

TOTAL COSTS, DISBURSEMENTS & TAXES	\$17,847.62	\$
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TOTAL ALLOWED \$ \_\_\_\_\_ \$ \_\_\_\_\_

Date:

\_\_\_\_\_  
Signature of assessing officer





Building a better  
working world

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Fax: +1 604 643 5422  
ey.com

**VIA EMAIL**

Dentons Canada LLP  
20<sup>th</sup> Floor, 250 Howe Street  
Vancouver, BC V6C 3R8

**Attention: Eamonn Watson**

Dear Sir:

**RE: Canadian Dehua International Mines Group Inc., in Bankruptcy  
Consent to Act as Licensed Insolvency Trustee**

This letter is to confirm that Ernst & Young Inc., located at Suite 1900, 1133 Melville Street, Vancouver, B.C., hereby consents to act as Licensed Insolvency Trustee in the Bankruptcy of Canadian Dehua International Mines Group Inc. upon the application by China Shougang International Trade & Engineering Corporation pursuant to section 43 of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3.

Yours very truly,  
**ERNST & YOUNG INC.**

Per:

Mike Bell, CPA, CA, CIRP, LIT

Senior Vice President

This is Exhibit "E" referred to in the  
affidavit of Chrisea Denton  
sworn before me at Vancouver, BC  
this 16 day of April 2025

.....  
A Commissioner for taking Affidavits  
for British Columbia