



NO. S-224444
VANCOUVER REGISTRY

IN THE SUPREME COURT OF BRITISH COLUMBIA

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

AND

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

TWENTY EIGHTH REPORT OF THE MONITOR

January 8, 2026

TWENTY EIGHTH REPORT OF THE MONITOR

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INTRODUCTION AND PURPOSE

1. This report (“**Twenty Eighth Report**”) has been prepared by FTI Consulting Canada Inc. in its capacity as the court-appointed Monitor (the “**Monitor**”) of Canadian Dehua International Mines Group Inc. (“**CDI**” or the “**Company**”) by an order of the Supreme Court of British Columbia (the “**Court**”) pronounced June 3, 2022 (the “**Initial Order**”), pursuant to the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c.36, as amended (the “**CCAA**”).
2. As detailed in previous reports of the Monitor:
 - (a) CDI was incorporated in British Columbia on December 29, 2004;
 - (b) The Company is owned 50% by Mr. Naishun Liu (“**Mr. Liu**”) and 50% by his spouse, Mrs. Qubo Liu (“**Mrs. Liu**”);
 - (c) Mr. Liu is the sole director and officer of the Company;
 - (d) The Company owned 100% of the shares of two mining projects, namely Wapiti Coking Coal Mines Corporation and Canadian Bullmoose Mines which were both sold as of March 2025;
 - (e) The Company also owns a drilling company known as Canada Dehua Drilling Ltd. (“**CDD**”) in addition to partial ownership in the following companies:
 - i. Canadian Kailuan Dehua Mines Co., Ltd. (“**CKD**”);
 - ii. Canadian Dehua Lvliang International Mines Corp. (“**CDLV**”) which holds a 40% interest in HD Mining International Ltd. (“**HD Mining**”);
 - iii. Vancouver Island Iron Ore Corporation (“**VIO**”); and
 - iv. An interest in a mining project referred to as Iron Ross.
3. On December 9, 2025, the Monitor sought and obtained an order approving two Asset Purchase Agreements: one relating to the shares of CDLV owned by CDI, and a second relating to CDI’s interest in VIO, CDD and Iron Ross.

4. Once the above noted Asset Purchase Agreements are closed, CDI's sole remaining asset will be the shares it holds in CKD.
5. As detailed in previous reports, CDI's shares of CKD are subject to a contingent claim by CKD relating to an indemnity given by CDI to CKD. To date, CKD has been excluded from any claim process on the basis that if the sale proceeds from other asset sales were sufficient to pay all other creditor claims, the quantum of the contingent claim would be irrelevant to these proceedings.
6. As the proceeds from the asset sales to date have not been sufficient to pay all creditor claims, a process is now required to deal with this claim.
7. The purpose of the Twenty Eighth Report of the Monitor is to provide this Honourable Court with an update on the status of the proceedings and other restructuring efforts since the date of the Twenty Seventh Report.
8. The reports of the Monitor and other information in respect of these proceedings are posted on the Monitor's website at <http://cfcanada.fticonsulting.com/canadiandehuainternational>

TERMS OF REFERENCE

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

UPDATE ON THE SISP

14. As indicated previously, on December 9, 2025, the Monitor sought and obtained sale approval and vesting orders for two Asset Purchase Agreements (the “SAVOs”) relating to assets owned by CDI.
15. The Monitor understands that with the disruptions to schedules due to the holidays, neither transaction has closed yet. The Monitor can advise that the remaining closing proceeds for the sale of the CDLV shares has now been forwarded to the Monitor and accordingly it now holds all of the proceeds required to close the transaction.

THE CKD CLAIM

16. Subsequent to the SAVO hearing, the Monitor’s counsel reached out to counsel for CKD to have a preliminary discussion around a process to assess the CKD claim.
17. Counsel to CKD advised that it is willing to provide a proof of claim but its client will require approximately 30 days to prepare the claim given the information that will be required.
18. The Monitor’s counsel also contacted China Shougang International Trade and Engineering Corporation’s (“Shougang”) counsel, the largest unsecured creditor in these proceedings. Shougang’s counsel did not express any concerns regarding the timeline suggested by CKD’s counsel.
19. The Monitor understands that counsel to CKD has agreed to prepare and submit its claim to the Monitor, on or before February 6, 2026 which the Monitor believes is reasonable.

AN EXTENSION OF THE STAY OF PROCEEDINGS

20. The Company is seeking to extend its stay of proceedings to February 20, 2026, absent which the current stay would expire on January 15, 2026.
21. The Monitor has considered the tests that the Court must be satisfied with in order to grant an extension of the stay of proceedings to the Company, namely that:
 - (a) The Company must be acting in good faith and with due diligence; and
 - (b) The Company satisfy the Court that circumstances exist that make the order appropriate.
22. The Monitor is of the view that the Company is acting in good faith and with due diligence.
23. The Monitor is also of the view that an extension of the stay of proceedings is warranted in order to provide the Company with the time required for:
 - (a) CKD's counsel to prepare and submit its claim to the Monitor which will assist the Monitor in formulating a process to adjudicate the claim and consider a process to monetize CDI's interest in CKD;
 - (b) The Company to continue its efforts to raise financing which could form the basis of a possible plan of arrangement to its creditors; and
 - (c) The Petitioner's counsel to close the Murray River APA and the Residual Assets APA.
24. Accordingly, the Monitor supports an extension of the stay of proceedings to February 20, 2026.

All of which is respectfully submitted this 8th day of January, 2026.

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

A handwritten signature in black ink, appearing to read "Craig Munro".

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