



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 NINTH REPORT OF THE MONITOR

February 13, 2026

TWENTY NINTH REPORT OF THE MONITOR

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INTRODUCTION AND PURPOSE

1. This report (“**Twenty Ninth 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 (“**VIIO**”); 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 (the “**Murray River APA**”), and a second relating to CDI’s interest in VIIO, CDD and Iron Ross (the “**Residual Assets Stalking Horse APA**”).
4. The purpose of the Twenty Ninth 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 Eighth Report.
5. 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

6. 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**”).
7. 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.
8. 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.
9. 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.
10. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian Dollars.

UPDATE ON THE SISP

11. As indicated to the Court by counsel to the Petitioner on January 9, 2026, neither of the Murray River APA nor the Residual Assets APA had been closed at that time due to some unresolved issues including documents requiring signatures from minority shareholders.
12. Subsequent to the January 9 Court hearing, the Petitioner's counsel and the purchaser's counsel agreed on a closing agenda and prepared the documents for the various parties to sign.
13. The Petitioner's counsel reached out to the Monitor requesting it to sign some closing documents on behalf of Mr. Jingcai Zhang, a director of CDLV and representative of the minority shareholder of CDLV.
14. Given that Mr. Zhang had been provided email notice of the application for the sale approval and vesting order for the Murray River APA and subsequently the order itself, the Monitor relied on the authority granted pursuant to paragraph 3 of the Vesting Order dated December 9, 2026 and signed the documents on behalf of Mr. Zhang.
15. Accordingly, the Murray River APA closed and the Monitor issued the Monitor's Certificate on February 11, 2026 certifying the closing of the Murray River APA.
16. With respect to the Residual Assets Stalking Horse APA, the Monitor was requested by the purchaser's counsel to sign some closing documents on behalf of the minority shareholders of VIIOC.
17. However, the Monitor was reluctant to do so given that neither Shuge Xue or Shuyan Xue, the required signatories, had been provided any direct notice of the application for the approval order or the vesting order for the Residual Assets Stalking Horse APA.
18. The Monitor has been advised that on February 11, 2026, Shuge Xue signed the required document but as of the date hereof, Shuyan Xue has not signed the documents.

19. The Monitor understands that counsel to the Petitioner has served the Xues with the notice of application for this hearing at email addresses they are known to have used recently and that the Petitioner's counsel intends to seek approval for the Monitor to sign the closing documents on Shuyuan Xue's behalf in the event the documents are not signed voluntarily before the hearing of the application.
20. Given that this is the final impediment to closing the Residual Assets APA and Shuyuan Xue has now been provided notice of this application, the Monitor is of the view that the relief sought is appropriate.

THE CKD CLAIM

21. At the hearing on January 9, 2026, counsel to the Monitor advised the Court that it had reached out to counsel for CKD regarding the filing of a proof of claim.
22. Counsel to CKD advised that it was willing to provide a proof of claim but its client required approximately 30 days to prepare the claim given the information that will be required.
23. After consulting with counsel for China Shougang International Trade and Engineering Corporation's ("**Shougang**") counsel, the Monitor's counsel agreed with counsel to CKD that it would prepare and submit its claim to the Monitor, on or before February 6, 2026.
24. On February 4, 2026, the Monitor's counsel contacted counsel to CKD who advised that they were still working on the CKD claim and would forward it as soon as possible.
25. The Monitor received the proof of claim from CKD on the afternoon of February 13, 2026.
26. As indicated previously, the CKD claim will assist the Monitor in assessing its options with respect to the monetization of CDI's shareholding in CKD.

CASH HELD BY THE MONITOR

27. As indicated previously, the Monitor is holding the proceeds from the closing of the Murray River APA. In addition, the Petitioner’s counsel forwarded the deposit from Qu Bo Liu relating to the Residual Assets Stalking Horse APA and for the Murray River Stalking Horse APA.
28. The table below summarizes the cash receipts and disbursements relating to the funds held by the Monitor:

Statement of Receipts and Disbursements for the period March 3, 2025 to February 13, 2026	
Sale of CDLV shares	\$ 3,600,000.72
Deposits on CDLV offers	765,000.00
Deposit from Qu Bo Liu	180,000.00
Interest income	19,486.55
Total receipts	4,564,487.27
CDLV deposits returned	(765,000.00)
Monitor's outstanding fees	(110,050.51)
Monitor's counsel's outstanding fees	(38,771.60)
Total disbursements	(913,822.11)
Excess of receipts over disbursements	3,650,665.16
Accruals	
Stalking horse break fee owed to Qu Bo Liu	(140,000.00)
Deposit to be returned to Qu Bo Liu	(140,000.00)
DIP Loan	(40,000.00)
Amounts due to employees	(86,338.75)
Balance net of accruals	\$ 3,244,326.41

29. As noted, the Monitor has returned the deposits related to the other offers related to the Murray River shares and is still holding the deposit received from Qu Bo Liu in relation to the Murray River Stalking Horse APA and the Residual Assets APA.
30. The Monitor used the sale proceeds to bring its fees and disbursements and those of its counsel current to January 31, 2026 and December 31, 2025 respectively.

31. The Monitor requested the outstanding invoices for the Petitioner's counsel and is awaiting receipt at which time it intends to bring them current. The Monitor has been advised that the outstanding fees and disbursements of the Petitioner's counsel is approximately \$100,000.
32. The Monitor also notes several amounts that have yet to be paid including:
 - (a) The stalking horse break fee owed to Qu Bo Liu in relation to the Murray River Stalking Horse APA;
 - (b) The return of Qu Bo Liu's deposit in respect of the Murray River Stalking Horse APA;
 - (c) The balance owed under the DIP Loan after application of the DIP Loan to the purchase price for the Residual Assets Stalking Horse APA; and
 - (d) Amounts due to CDI employees for unpaid wages for the period of February to December 2023 in addition to out-of-pocket expenses incurred in escorting a previous potential purchaser to the Wapiti mine site.
33. The amounts due to the employees was recently brought to the attention of the Monitor, and supported by invoices and payroll records. The Monitor understands that the debt was incurred at a time when the Company had no liquidity and hence the amounts were accrued but not paid.
34. The Monitor reviewed prior forecasts provided by the Company during 2023 and notes that an accrual for these wages and travel costs was recorded at that time in the Company's forecasts.
35. Accordingly, the Monitor is of the view that the amounts should be paid but that no further costs should be incurred by the Company without the prior approval of the Monitor.

AN EXTENSION OF THE STAY OF PROCEEDINGS

36. The Company is seeking to extend its stay of proceedings to March 13, 2026, absent which the current stay would expire on February 20, 2026.
37. 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.
38. The Monitor is of the view that the Company is acting in good faith and with due diligence.
39. The Monitor is also of the view that an extension of the stay of proceedings is warranted in order to provide the Company and the Monitor with the time required for:
 - (a) The Monitor and its counsel to review CKD's proof of claim and consider it in addition to a process to monetize CDI's interest in CKD; and
 - (b) The Petitioner's counsel to close the Residual Assets Stalking Horse APA.
40. Accordingly, the Monitor supports a short extension of the stay of proceedings to March 13, 2026.

All of which is respectfully submitted this 13th day of February, 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". The signature is written in a cursive style with a large initial "C" and "M".

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