



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., WAPITI
COKING COAL MINES CORP. AND CANADIAN BULLMOOSE MINES CO.,
LTD.**

TWENTY SECOND REPORT OF THE MONITOR

January 12, 2025



INTRODUCTION AND PURPOSE

1. This report (“**Twenty Second 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. The purpose of this Twenty Second Report is to update the Court with respect to activities occurring since the issuance of the Twenty First Report dated December 12, 2024.

TERMS OF REFERENCE

3. 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**”).
4. 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.
5. 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.
6. 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.

7. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian Dollars.

THE STATUS OF THE ADMINISTRATION CHARGE

8. As indicated in prior reports of the Monitor, the Initial Order granted on June 9, 2022 included a provision for an Administration Charge in the amount of \$350,000 for the fees and disbursements of the Petitioners’ counsel, the Monitor and the Monitor’s counsel.
9. The Administration Charge was granted a first ranking security interest against all of the Property of the Petitioners.
10. The Monitor advises this Honourable Court of the current amount outstanding pursuant to the Administration Charge as follows:

Party		
FTI Consulting	97,094.49	Billed to December 31, 2024
Bennett Jones	79,613.88	Billed to December 31, 2024
DLA Piper	236,000.00	Accounts receivable and unbilled WIP
Total	\$ 412,708.37	

11. The Monitor was not provided with a statement from the Petitioners’ counsel but was advised of its outstanding accounts receivable and work in progress as noted in the table above.
12. In its Seventeenth Report, the Monitor noted that the Company had sufficient resources to keep the professionals current with respect to their fees. However, the Monitor did not anticipate a protracted hearing for a Sale Approval Order and accordingly, as indicated above the cumulative unpaid professional fees now exceeds the approved Administration Charge.

13. The Monitor has not had the time to prepare and serve a Notice of Application with sufficient notice in advance of the January 13 and 14, 2025 hearing but notes that given the absence of additional funding by the DIP Lender or a sale that provides sufficient cash to satisfy the outstanding professional fees, the Monitor would seek to have the approved amount of the Administration Charge increased at any subsequent hearing.

THE DIP LENDER'S CREDIT BID

14. As summarized in the Seventeenth Report of the Monitor, the Purchase Agreement from the DIP Lender (the "**Purchase Agreement**") indicated a purchase price of \$1.65 million which was to be satisfied by a cash payment of \$200,000 and the reduction of the DIP Loan by \$1.45 million.
15. As indicated in the previous section of this report, the cash payment indicated is currently insufficient to satisfy the Administration Charge.
16. Accordingly, in the event the Purchase Agreement is approved by this Honourable Court, the DIP Lender would need to bring the professionals outstanding fees current so that a vesting order could be granted to convey the assets of Wapiti and Bullmoose free and clear of the Administration Charge.

THE DIP LENDER'S APPLICATION RE COSTS

17. The Monitor is aware that the DIP Lender is seeking an order for costs as against West Moberly First Nations ("**West Moberly**"), TaneMahuta Capital, Ltd. ("**TaneMahuta**"), Mr. Aref Amanat and Ms. Karen Fellowes K.C., or any one of them for the costs of the Petitioner's counsel, the Monitor and the Monitor's counsel incurred since August 30, 2024.

18. The Monitor notes in respect of the application of the DIP Lender regarding costs, some of the cost of the professionals incurred since August 30, 2024 would have had to be incurred regardless of TaneMahuta's competing offer such as adding Wapiti Coking Coal Mines Corporation and Canadian Bullmoose Mines as petitioners in these CCAA proceedings.
19. The Monitor and its counsel have attempted to allocate the outstanding fees of the Monitor and its counsel as a reference for this Honourable Court:

FTI Consulting Canada Inc.			
Period covered	Amount	Attributable to CCAA	Allocation to TaneCap
Aug-24	\$ 23,758.88	\$ 23,758.88	\$ -
Sep-24	21,352.50	10,548.00	10,804.50
Oct-24	39,535.36	7,675.50	31,860.36
Nov-24	8,342.25		8,342.25
Dec-24	4,105.50		4,105.50
Total	\$ 97,094.49	\$ 41,982.38	\$ 55,112.61
Bennett Jones LLP			
Period covered	Amount	Attributable to CCAA	Allocation to TaneCap
Aug-24	\$ 10,479.89	\$ 10,479.89	\$ -
Sep-24	15,905.80	10,346.12	5,559.68
Oct-24	20,244.19	7,297.79	12,946.40
Nov-24	10,284.96	2,076.48	8,208.48
Dec-24	22,699.04	-	22,699.04
Total	\$ 79,613.88	\$ 30,200.28	\$ 49,413.60

20. As of the date of this report, the Monitor has not received a similar analysis from the Petitioners' counsel but was advised that in the Company's view, the majority of its fees since August 30, 2024 were incurred as a result of the competing offer from TaneMahuta's competing offer and the submissions it made in the Court hearings since August 30, 2024.

WEST MOBERLY'S DESPOSIT FUNDS

21. At a judicial management conference held on December 2, 2024, the Court directed the Monitor to sequester \$350,000 of the deposit forwarded by TaneMahuta at the time of submitting its offer on September 6, 2024.
22. The Monitor notes that a deposit of \$650,000 in the form of a bank draft was forwarded to the Monitor's counsel made payable to FTI Consulting as the Monitor of the Petitioners.
23. The Monitor confirms that it has not deposited the bank draft as it was awaiting the determination of the sale approval order. However, the Monitor's counsel is still in possession of the bank draft.
24. The Monitor further advises that at its request West Moberly directed its counsel to wire an amount of \$350,000 to the Monitor's counsel's trust account as security in the event a cost award is granted against them by this Honourable Court.
25. The funds have been provided to the Monitor's counsel under trust conditions such that if a costs order is granted by this Honourable Court on or before January 15, 2025, the funds may be used to satisfy such cost order or alternatively, if a cost order is not issued on or before January 15, 2025, the funds may be held pending further direction from the Court or by a request from West Moberly for a return of such funds.
26. A copy of the correspondence from West Moberly's counsel is attached as Appendix A.

All of which is respectfully submitted this 12th day of January, 2025.

FTI Consulting Canada Inc.,
in its capacity as Monitor of Canadian Dehua
International Mines Group Inc., Wapiti Coking
Coal Mines Corp. and Canadian Bullmoose
Mines Co., Ltd.

A handwritten signature in black ink, appearing to read 'Craig Munro', written in a cursive style.

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

APPENDIX A

Karen Fellowes, KC
Direct: +1 403 724 9469
KFellowes@stikeman.com

January 10, 2025

File No.: 154029-1001

By Email

Bennett Jones LLP
666 Burrard Street, Suite 2500
Vancouver, BC V6C 2X8

Attention: David E. Gruber

Re: Proceedings under the Companies' Creditors Arrangement Act for Canadian Dehua International Mines Group Inc. (the "CCAA Proceedings")

We have been instructed by West Moberly First Nations to forward the sum of \$350,000 CAD (the "**Security for Costs Funds**") by wire transfer to the trust account of Bennett Jones, counsel for FTI Consulting in their role as Monitor in the CCAA Proceedings.

Please note that the Security For Costs Funds are being sent to you on the following trust conditions:

1. If the Court makes an order for costs in response to the application of Qu Bo Liu filed December 31, 2024 on or before January 15, 2025 (the "**Costs Order**"), and the Costs Order becomes final, the Security for Costs Funds may be used to satisfy the Costs Order; and
2. If the Court does not make the Costs Order on or before January 15, 2025, the Security For Costs Funds are to be held by counsel for the Monitor in trust, pending further direction from the Court and pending a request from West Moberly First Nations for a return of those funds to our office.

Please advise at your earliest convenience if you are unable to comply with these trust conditions.

Yours truly,

Stikeman Elliott LLP



Karen Fellowes, KC

KF/jw

cc:

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