



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

APPLICATION RESPONSE

Application response of: Qu Bo Liu (the "**Application Respondent**")

THIS IS A RESPONSE TO the amended notice of application of Canadian Dehua International Mines Group Inc. filed on 05/MAY/2025.

The Application Respondent estimates that the application will take 2 days.

Part 1: ORDERS CONSENTED TO

The Application Respondent consents to the granting of the orders set out in the following paragraphs of Part 1 of the amended notice of application on the following terms: **1-6**.

Part 2: ORDERS OPPOSED

The Application Respondent opposes the granting of the orders set out in paragraphs nil of Part 1 of the amended notice of application.

Part 3: ORDERS ON WHICH NO POSITION IS TAKEN

The Application Respondent takes no position on the granting of the orders set out in paragraphs nil of Part 1 of the amended notice of application.

Part 4: FACTUAL BASIS

1. The Application Respondent adopts the facts set out in Part 2 – Factual Basis of the Amended Notice of Application of Canadian Dehua International Mines Group Inc. ("**CDI**") filed on May 5, 2025.
2. On June 9, 2022, CDI sought and obtained an order approving a debtor-in-possession credit facility from the Application Respondent Mrs. Liu (in such capacity, the "**Interim Lender**") in the maximum amount of \$350,000 (the "**DIP Facility**"). Since the commencement of the

proceedings, the DIP Facility and the Interim Lender's Charge have been increased on a number of occasions.

3. On November 30, 2022, the court approved a Modified Sales and Investment Solicitation Process (the "**SISP**"). Mrs. Liu provided an initial loan of \$350,000 to CDI pursuant to the DIP Facility, which was subsequently increased to \$1,680,000.
4. As a result of Mrs. Liu's involvement in the SISP, including increasing her loan pursuant to the DIP Facility to nearly \$1.5 million, the initial offer for the Wapiti and Bullmoose assets of \$400,000 made by West Moberly First Nations through Tanemahuta Capital Ltd. was ultimately increased to \$2,450,000.
5. On February 3, 2025, the court approved the sale and purchase agreement between CDI, Wapiti and Bullmoose, and West Moberly First Nations for the purchase of the assets of Wapiti and Bullmoose. On March 28, 2025, the sale of CDI's interest in the Wapiti Project and the Bullmoose Project completed.
6. Mrs. Liu's DIP loan along with the amount secured by the Administrative Charge was repaid in full leaving substantial funds in the hands of CDI.
7. Mrs. Liu is committed to maximizing the value of the assets of CDI for which she made stalking horse bids as well as providing funding for the steps necessary to maximize the value of CDI's interest in Canadian Kailuan Dehua Mines Co., Ltd. ("**CKD**").
8. On April 22, 2025, Mrs. Liu and CDI negotiated stalking horse sale agreements for the Murray River Project (the "**Murray River APA**") and the remaining assets, including its interest in Vancouver Iron Ore Corporation, Canadian Dehua Drilling Ltd., and The Iron Ross Project (the "**Other Assets APA**").
9. The Murray River APA provides for a purchase price of \$1,400,000, with a deposit of \$140,000 paid and held in trust by DLA Piper (Canada) LLP ("**DLA Piper**").
10. The Other Assets APA provides for a purchase price of \$400,000, with a deposit of \$40,000 paid and held in trust by DLP Piper.
11. Mrs. Liu has agreed to increase the maximum amount available under the DIP Facility to \$1,900,000 to ensure there is sufficient funding available to CDI to complete the CCAA proceeding.
12. Mrs. Liu has provided, in addition to the deposits, the further sum of \$400,000 to DLA Piper in the expectation the DIP Facility would be increased to \$1,900,000.
13. CDI is seeking the approval of the court for a sale and investment solicitation process to deal with Murray River and the Remaining Assets (the "**Murray River and Remaining Assets SISP**").

14. On April 21, 2025, the Monitor provided the supplement to the 26th Report in the CCAA, in which the Monitor supports the approval of a proposed Murray River and Other Assets SISP and the Murray River and Other Assets APAs and has expressed concern regarding the uncertainties of a bankruptcy.
15. The proposed Murray River and Other Assets SISP is likely to result in a significant return for creditors in contrast to a bankruptcy.

Part 5: LEGAL BASIS

16. The Application Respondent adopts the legal basis set out in Part 3 – Legal Basis of the Amended Notice of Application of CDI filed on May 5, 2025.
17. In *Re Nortel Networks Corp*, the Ontario Superior Court of Justice articulated the following four factors that should be taken into consideration in deciding whether to approve a stalking horse sale process:
 - (a) Is the sale transaction warranted at this time?
 - (b) Will the sale benefit the whole “economic community”?
 - (c) Do any of the debtor’s creditors have a bona fide reason to object to the sale of the business?
 - (d) Is there a better viable alternative?

***Re Nortel Networks Corp*, 2009 CanLII 39492 (ONSC) at ¶149**

18. The Murray River and Other Assets APAs are to the benefit of stakeholders and no creditor is prejudiced. Accordingly, the SISP, the Murray River and Other Assets APAs should be approved by the court.
19. Furthermore, the proposed break fee and legal expense reimbursement are within the usual range and supported by the Monitor.

Part 6: MATERIAL TO BE RELIED ON

20. Affidavit #1 of Qu Bo Liu made May 20, 2025, in the Bankruptcy Proceeding.
21. 26th Report of the Monitor.
22. Supplement to the 26th Report of the Monitor.

The application respondent has filed in this proceeding a document that contains the application respondent's address for service.

Date: 20/MAY/2025



Signature of Lawyer for Application Respondent

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This APPLICATION RESPONSE is prepared by Xiao Liu of **Fraser Litigation Group** whose place of business is 1100-570 Granville Street, Vancouver, British Columbia, V6C 3P1 (Direct #:604.343.3121, Email: hliu@fraserlitigation.com) (File #: 60913-001).