



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

**NOTICE OF APPLICATION**

**Name of applicant:** the Petitioner

To: the Service List (attached hereto as **Schedule "A"**)

TAKE NOTICE that an application will be made by the applicant to the Honourable Mr. Justice Walker at the courthouse at 800 Smithe Street, Vancouver, BC, V6Z 2E1 on September 11, 2023, at 10:00 a.m. for the orders set out in Part 1 below.

**Part 1: ORDER(S) SOUGHT**

1. A Sixth Amended and Restated Initial Order (the "**Sixth ARIO**"), amending and restating the initial order pronounced June 9, 2022 (the "**Initial Order**"), substantially in the form attached hereto as **Schedule "B"**, which provides the following additional relief:
  - (a) an extension of the stay of proceedings (the "**Stay of Proceedings**") granted in the Initial Order up to and including November 15, 2023.
2. Such other relief as this Honourable Court may deem just.

**Part 2: FACTUAL BASIS**

1. Pursuant to an order (the "**Initial Order**") of the Supreme Court of British Columbia (the "**Court**") made on June 3, 2022, Canadian Dehua International Mines Group Inc. ("**CDI**" or the "**Petitioner**") are granted protection under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**"), and FTI Consulting Canada Inc. ("**FTI**") was appointed monitor (and in such capacity, the "**Monitor**").
2. Also pursuant to the terms of the Initial Order, the Court granted:

- (a) an initial stay of proceedings until June 9, 2022 (the "**Stay Period**"); and
  - (b) the Administration Charge.
3. Pursuant to an order issued by the Court on June 3, 2022, the Court:
- (a) ordered that the Petitioner shall deliver further evidence to the Court regarding the contemplated transactions and/or investments relating to the Wapiti Project and the Murray River Project (the "**Project Evidence**");
  - (b) granted the Petitioner short leave to file any such Project Evidence under seal at the June 9, 2022 hearing;
  - (c) directed the Monitor to provide the Monitor's position on the prospects of preserving the Petitioner's business as a going concern in a CCAA proceeding; and
  - (d) granted the Monitor short leave to file a confidential report, if deemed necessary by the Monitor, under seal at the June 9, 2022 hearing.
4. On June 9, 2022, the Court amended and restated the Initial Order (the "**ARIO**") and:
- (a) Extended the Stay Period to August 19, 2022;
  - (b) Approved interim financing by way of a credit facility (the "**DIP Facility**") from Qubo Liu (the "**DIP Lender**"), and granted the Interim Lender's Charge;
  - (c) Granted the Directors' and Officers' Charge; and
  - (d) Granted the Claims Process Order.
5. On August 18, 2022, the Court amended and restated the ARIO (the "**Second ARIO**") and;
- (a) Extended the Stay Period to December 1, 2022;
  - (b) Approved the SISP; and
  - (c) Increased the DIP Facility and Interim Lender's Charge up to the maximum amount of \$820,000.
6. On November 30, 2022, the Court amended and restated the Second ARIO (the "**Third ARIO**") and;
- (a) Extended the stay period to March 16, 2022;

- (b) Increased the DIP Facility and Interim Lender's Charge up to the maximum amount of \$1,090,000; and
  - (c) Amended the SISP.
7. On March 9, 2023, the Court amended and restated the Third ARIO (the "**Fourth ARIO**") to extend the stay period to June 16, 2023.
8. On June 15, 2023, the Court amended and restated the Fourth ARIO (the "**Fifth ARIO**") and;
- (a) Extended the stay period to September 15, 2023; and
  - (b) Increased the DIP Facility and Interim Lender's Charge up to the maximum amount of \$1,390,000.

### **Background**

9. The Petitioner, Canadian Dehua International Mines Group Inc. ("**CDI**") is a company incorporated pursuant to the laws of British Columbia.
10. CDI is a company that invests in, and operates, mining assets in British Columbia and elsewhere.
11. CDI was incorporated in 2004 in order to develop underground core mining properties.
12. 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.
13. 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**"). The Petitioner is the sole shareholder in the Wapiti Coking Coal Mines Corporation, the company that owns and operates the Wapiti Project.
14. 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.
15. CDI (indirectly holding 20.4%) and the Huiyong Holding Group (55%) are currently holding discussions with potential purchasers to sell their interests in the Murray River Coal Property.

16. The Pacific Iron project is a large-scale underground iron project located on Vancouver Island (the "**Pacific Iron Ore Project**"). CDI holds 80% of the shares of Vancouver Island Iron Ore Corporation, which owns and operates the Pacific Iron Ore Project.

### **Anticipated Restructuring**

17. CDI has been addressing its insolvency through a number of steps which include:
- (a) streamlining and focusing the go-forward operations of CDI;
  - (b) pursuing discussions with potential financiers and purchasers in order to secure long-term funding for the projects that may form the basis of CDI's go-forward business; and
  - (c) using the proceeds from such transactions to fund a plan of arrangement for CDI's creditors.

### **Extension of the Stay of Proceedings**

18. The Petitioner seeks an extension of the stay to November 15, 2023 (the "**Stay Extension**").
19. The Petitioner requires this stay extension to continue to advance negotiations with potential purchasers of the Petitioner's interests in a number of projects, but mainly with respect to Wapiti over which an LOI has already been entered.
20. While this process has been delayed, the potential purchasers, identified in the confidential supplement to Monitor's Fourth Report, arrived in Canada in May 2023 and performed due diligence at the mine sites, as is necessary under the LOI, to eventually complete the share purchase transaction for Wapiti.
21. The Petitioner is continuing to work with the potential purchaser of an interest in Wapiti to proceed to definitive agreements, and to that end have:
- (a) provided background and due diligence materials to the potential purchasers;
  - (b) instructed counsel to draft preliminary definitive documents to expedite the process of finalizing a transaction for Wapiti;
  - (c) facilitated the recent project site visits and discussions with the interested party;
  - (d) engaged its accountant to prepare the updated financial statements for CDI and Wapiti; and

- (e) ensured that the mine permits and licenses are paid and are in good standing by paying the Minister of Finance the amount of \$116,595 in respect of the Wapiti project.
- 22. During the site visit in May 2023, the potential purchaser also visited the Murray River project. It has expressed some interest in CDI's investment in that project as well.
- 23. As of August 31, 2023, the potential purchaser has completed their due diligence on the Wapiti Project.
- 24. On September 2, 2023, the potential purchaser arrived in Canada to begin a final sale visit, with the intention of entering into a binding agreement for the purchase of the Wapiti Project before September 30, 2023.
- 25. The potential purchaser also visited the Murray River project in September, 2023.
- 26. During this site visit the potential purchaser brought along representatives of a steel company that is interested in acquiring CDI's interest in the Pacific Iron Ore Project.
- 27. The potential purchaser returned to China on September 9, 2023.

### **Part 3: LEGAL BASIS**

- 1. The Petitioner relies on:
  - (a) the CCAA;
  - (b) *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "BIA");
  - (c) *Supreme Court Civil Rules*, in particular Rules 8-1, 13-1, and 22-4;
  - (d) the inherent and equitable jurisdiction of this Court; and
  - (e) such further and other legal bases and authorities as counsel may advise and this Court may permit.

### **Extension of the Stay of Proceedings is Appropriate**

- 2. Subsection 11.02(2) of the CCAA provides that the Petitioner may apply for an extension of the Stay of Proceedings for a period that a court considers necessary on any terms that a court may impose. Subsection 11.02(3) of the CCAA provides that the Court shall not make the order extending the Stay of Proceedings unless:
  - (a) the applicant satisfies the Court that circumstances exist that make the order appropriate; and

- (b) in the case of an order under subsection (2), the applicant also satisfies the Court that the applicant has acted, and is acting, in good faith and with due diligence.

CCAA s. 11.02.

3. In determining whether the appropriate circumstances exist to extend the Stay of Proceedings, the Court should inquire whether the order sought advances the remedial purpose of the CCAA.

*North American Tungsten Corp. (Re)*, 2015 BCSC 1376 at para. 25.

4. Extending the relief granted by the Initial Order, as amended and restated, including the Stay of Proceedings, is appropriate and necessary to enable the Petitioner to complete transactions for the benefit of the Petitioner's stakeholders in a future plan of arrangement.
5. The Petitioner, with the assistance of the Monitor, has been moving the LOI transaction for Wapiti forward despite a number of obstacles and has now also begun working on potential interest expressed in its other projects. CDI has also utilized the Interim Facility funds to ensure that the licenses and permits relating to the mining assets of CDI will be maintained in good standing until a transaction can be completed.
6. This has all been in good faith and with due diligence to advance these CCAA proceedings in pursuit of a restructuring that will maximize value for their stakeholders.
7. The Petitioner submits that, in these circumstances, it is necessary and appropriate that the Stay of Proceedings be extended to October 15, 2023.

**Part 4: MATERIAL TO BE RELIED ON**

1. The First Report of the Monitor dated June 8, 2022;
2. The Second Report of the Monitor, dated June 24, 2022;
3. The Third Report of the Monitor, dated August 15, 2022;
4. The Fourth Report of the Monitor, dated November 28, 2022;
5. The Fifth Report of the Monitor, dated March 7, 2023;
6. The Sixth Report of the Monitor, dated June 7, 2023;
7. The Seventh Report of the Monitor, dated September 7, 2023.
8. Any such further materials as counsel advises and this Honourable Court permits.

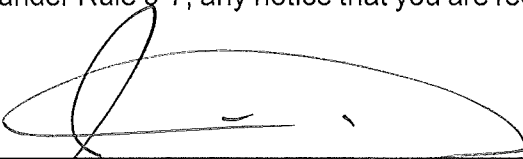
The applicant estimates that the application will take 1 hour.

- This matter is within the jurisdiction of a master.
- This matter is not within the jurisdiction of a master and Mr. Justice Walker is seized of this matter.

TO THE PERSONS RECEIVING THIS NOTICE OF APPLICATION: If you wish to respond to this notice of application, you must, within 5 business days after service of this notice of application or, if this application is brought under Rule 9-7, within 8 business days after service of this notice of application,

- (a) file an application response in Form 33;
- (b) file the original of every affidavit, and of every other document, that
  - (i) you intend to refer to at the hearing of this application, and
  - (ii) has not already been filed in the proceeding; and
- (c) serve on the applicant 2 copies of the following, and on every other party of record one copy of the following:
  - (i) a copy of the filed application response;
  - (ii) a copy of each of the filed affidavits and other documents that you intend to refer to at the hearing of this application and that has not already been served on that person;
  - (iii) if this application is brought under Rule 9-7, any notice that you are required to give under Rule 9-7(9).

Sept. 7, 2023  
 \_\_\_\_\_  
 Dated

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

**To be completed by the court only:**

Order made

in the terms requested in paragraphs \_\_\_\_\_ of Part 1 of this notice of application

with the following variations and additional terms:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Date: \_\_\_\_\_

Signature of  Judge  Master



**APPENDIX**

*The following information is provided for data collection purposes only and is of no legal effect.*

**THIS APPLICATION INVOLVES THE FOLLOWING:**

- discovery: comply with demand for documents
- discovery: production of additional documents
- oral matters concerning document discovery
- extend oral discovery
- other matter concerning oral discovery
- amend pleadings
- add/change parties
- summary judgment
- summary trial
- service
- mediation
- adjournments
- proceedings at trial
- case plan orders: amend
- case plan orders: other
- experts
- none of the above

**Schedule "A"**

(Service List)

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AND

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

PETITIONER

**Service List**

**(Last Updated: September 6, 2023)**

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<p>CIBC – CEBA 400 Burrard Street Vancouver, BC V6C 3M5</p>	<p>Canadian Dehua Lvliang International Mines Corp. 310-1155 Pender St. West Vancouver, BC V6E 2P4</p>

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**Schedule "B"**

(Sixth ARIO Order)

**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  
(SIXTH AMENDED AND RESTATED INITIAL ORDER)**

)	)		)
)	)		)
BEFORE )	THE HONOURABLE JUSTICE WALKER	)	September 11, 2023
)		)	
)		)	

ON THE APPLICATION of the Petitioner coming on for hearing at 800 Smithe Street, Vancouver, BC V6Z 2E1 on September 11, 2023, 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 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; and further to the Initial Order pronounced by this Court on June 3, 2022 (the "**Order Date**") as revised, amended and restated from time to time including pursuant to the Amended and Restated Initial Order pronounced by this Court on June 9, 2022 (the "**ARIO**"), the Second Amended and Restated Initial Order pronounced by this Court on August 18, 2022 (the "**Second ARIO**"), the Third Amended and Restated Initial Order pronounced by this Court on November 30, 2022 (the "**Third ARIO**"), the Fourth Amended and Restated Initial Order pronounced by this Court on



March 9, 2023 (the "**Fourth ARIO**"); and the Fifth Amended and Restated Initial Order pronounced by this Court on June 15, 2023 (the "**Fifth ARIO**");

THIS COURT ORDERS that:

1. This Sixth Amended and Restated Initial Order amends and restates the ARIO, as amended by the Second ARIO, Third ARIO, Fourth ARIO, and the Fifth ARIO.
2. The time for service of the Petitioner's Notice of Application dated September 7, 2023, is abridged such that this Application is properly returnable today.

### **JURISDICTION**

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

### **PLAN OF ARRANGEMENT**

4. 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**

5. 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.
6. 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.

7. 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.

8. 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.

9. 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.

10. Except as specifically permitted herein, the Petitioner is hereby directed, until further Order of this Court:
- (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**

11. 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**").

12. 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.
13. 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.
14. 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**

15. Until and including November 15, 2023, 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.
16. 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.

17. 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**

18. 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**

19. 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-DEROGATION OF RIGHTS**

20. 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**

21. 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**

22. 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 co-operate 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.



23. 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.
24. 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.

25. 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.
26. 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.
27. 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**

28. 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.

29. 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.
30. 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.

#### **INTERIM FINANCING**

31. The Petitioner is hereby authorized and empowered to obtain and borrow under a credit facility from Qubo Liu (in such capacity, the "**Interim Lender**") in order to finance the continuation of the Business and preservation of the Property, provided that borrowings under such credit facility shall not exceed \$1,390,000 unless permitted by further Order of this Court.
32. Such credit facility shall be on the terms and subject to the conditions set forth in the commitment letter between the Petitioner and the Interim Lender dated as of June 8, 2022 (the "**Commitment Letter**"), as amended and modified from time to time, filed.
33. The Petitioner is hereby authorized and empowered to execute and deliver such credit agreements, mortgages, charges, hypothecs and security documents, guarantees and other definitive documents (collectively, the "**Definitive Documents**"), as are

contemplated by the Commitment Letter or as may be reasonably required by the Interim Lender pursuant to the terms thereof, and the Petitioner is hereby authorized and directed to pay and perform all of its indebtedness, interest, fees, liabilities and obligations to the Interim Lender under and pursuant to the Commitment Letter and the Definitive Documents as and when the same become due and are to be performed, notwithstanding any other provision of this Order.

34. The Interim Lender shall be entitled to the benefit of and is hereby granted a charge (the "**Interim Lender's Charge**") on the Property. The Interim Lender's Charge shall not secure an obligation that exists before this Order is made. The Interim Lender's Charge shall have the priority set out in paragraphs 40 and 42 hereof.
35. Notwithstanding any other provision of this Order:
  - (a) the Interim Lender may take such steps from time to time as it may deem necessary or appropriate to file, register, record or perfect the Interim Lender's Charge or any of the Definitive Documents;
  - (b) upon the occurrence of an event of default under any of the Definitive Documents or the Interim Lender's Charge, the Interim Lender, upon 7 days notice to the Petitioner and the Monitor, may exercise any and all of its rights and remedies against the Petitioner or the Property under or pursuant to the Commitment Letter, Definitive Documents and the Interim Lender's Charge, including without limitation, to cease making advances to the Petitioner and set off and/or consolidate any amounts owing by the Interim Lender to the Petitioner against the obligations of the Petitioner to the Interim Lender under the Commitment Letter, the Definitive Documents or the Interim Lender's Charge, to make demand, accelerate payment and give other notices, or to apply to this Court for the appointment of a receiver, receiver and manager or interim receiver, or for a bankruptcy order against the Petitioner and for the appointment of a trustee in bankruptcy of the Petitioner; and
  - (c) the foregoing rights and remedies of the Interim Lender shall be enforceable against any trustee in bankruptcy, interim receiver, receiver or receiver and manager of the Petitioner or the Property.

36. The Interim Lender, in such capacity, shall be treated as unaffected in any plan of arrangement or compromise filed by the Petitioner under the CCAA, or any proposal filed by the Petitioner under the *Bankruptcy and Insolvency Act* of Canada (the "BIA"), with respect to any advances made under the Definitive Documents.

#### **DIRECTORS AND OFFICERS INDEMNIFICATION AND CHARGE**

37. The Petitioner shall indemnify its directors and officers against obligations and liabilities that they may incur as directors or officers of the Petitioner after the commencement of the within proceedings, except to the extent that, with respect to any director or officer, the obligation or liability was incurred as a result of the director's or officer's gross negligence or wilful misconduct.
38. The directors and officers of the Petitioner shall be entitled to the benefit of and are hereby granted a charge (the "**Directors' and Officers' Charge**") on the Property, which charge shall not exceed an aggregate amount of \$200,000, as security for the indemnity provided in paragraph 37 of this Order. The Directors' and Officers' Charge shall have the priority set out in paragraphs 40 and 42 herein.
39. Notwithstanding any language in any applicable insurance policy to the contrary, (a) no insurer shall be entitled to be subrogated to or claim the benefit of the Directors' Charge, and (b) the Petitioner's directors and officers shall only be entitled to the benefit of the Directors' Charge to the extent that they do not have coverage under any directors' and officers' insurance policy, or to the extent that such coverage is insufficient to pay amounts indemnified in accordance with paragraph 37 of this Order.

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

40. The priorities of the Administration Charge, Interim Lender's Charge, and the Directors' and Officers' Charge shall be as follows:

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

Second – Interim Lender's Charge (to the maximum amount of \$1,390,000);

Third – Directors and Officers' Charge (to the maximum amount of \$200,000).

(collectively, the "**Charges**")

41. Any security documentation evidencing, or the filing, registration or perfection of, the Charges shall not be required, and that the Charges 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 Charges coming into existence, notwithstanding any failure to file, register or perfect the Charges.
42. The Charges shall constitute a mortgage, security interest, assignment by way of security and charge on the Property and the Charges 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.
43. 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 Charges, unless the Petitioner obtains the prior written consent of the Monitor, and the beneficiaries of the Charges.
44. The Administration Charge, the Director's and Officers' Charge, the Commitment Letter, the Definitive Documents and the Interim Lender's Charge shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Charges (collectively, the "**Chargees**") and/or the Interim Lender shall not otherwise be limited or impaired in any way by (a) the pendency of these proceedings and the declarations of insolvency made herein; (b) any application(s) for bankruptcy order(s) issued pursuant to the BIA, or any bankruptcy order made pursuant to such applications; (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (d) the provisions of any federal or provincial statutes; or (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, mortgage, security agreement, debenture, sublease, offer to lease or other agreement (collectively, an "**Agreement**") which binds the Petitioner; and notwithstanding any provision to the contrary in any Agreement:
  - (a) neither the creation of the Charges nor the execution, delivery, perfection, registration or performance of the Commitment Letter or the Definitive Documents

shall create or be deemed to constitute a breach by the Petitioner of any Agreement to which it is a party;

- (b) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the Petitioner entering into the Commitment Letter, the creation of the Charges, or the execution, delivery or performance of the Definitive Documents; and
- (c) the payments made by the Petitioner pursuant to this Order, the Commitment Letter or the Definitive Documents, and the granting of the Charges, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

45. 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**

46. 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.

47. 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.

48. 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>
49. 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>
50. 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

51. 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.
52. 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.
53. 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.

54. 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.
55. 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.
56. 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.
57. 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.
58. 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.
59. Endorsement of this Order by counsel appearing on this application is hereby dispensed with.

60. 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:

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

BY THE COURT

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REGISTRAR

**SCHEDULE "A"**

<b>NAME OF COUNSEL</b>	<b>PARTY REPRESENTING</b>
Jordan Schultz and Eamonn Watson	China Shougang International Trade & Engineering Corporation
David Gruber	The Monitor, FTI Consulting Canada Inc.
Roselle Wu	Canada Zhonghe Investment Ltd.
Kibben Jackson and Glen Nesbitt	Canadian Kailuan Dehua Mines Co., Ltd.

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  
Suite 2700, The Stack  
1133 Melville St  
Vancouver, BC V6E 4E5

Tel. No. 604.687.9444  
Fax No. 604.687.1612

File No.: 080762-00014

CDB/day

No. S-224444  
Vancouver Registry

**IN THE SUPREME COURT OF BRITISH COLUMBIA**

IN THE MATTER OF THE COMPANIES' CREDITORS  
ARRANGEMENT ACT,

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AND

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

PETITIONER

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**NOTICE OF APPLICATION**

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1133 Melville St  
Vancouver, BC V6E 4E5

Tel. No. 604.687.9444  
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