



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.**

**FOURTEENTH REPORT OF THE MONITOR**

**July 8, 2024**

## INTRODUCTION AND PURPOSE

1. This report (“**Fourteenth 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 the Fourteenth Report of the Monitor is to provide this Honourable Court with an update on the status of the Company’s restructuring efforts since the date of the Thirteenth Report.
3. 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

4. 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**”).
5. 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.
6. 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.

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

### **THE STATUS OF THE AMENDED SISP**

9. Subsequent to the date of the Thirteenth Report, the Monitor reports the following:
  - (a) The Company has continued to engage in discussions with potential purchasers, however no further progress has been achieved;
  - (b) As indicated in the previous Court hearing held on July 4, 2024, the Monitor received an offer on July 3, 2024 from a potential purchaser (the “**Unsolicited Purchaser**”) seeking to acquire the Company’s interest in the Wapiti and Bullmoose projects for a purchase price of \$400,000;
  - (c) A copy of the offer is attached as Appendix A;
  - (d) Subsequent to the previous Court hearing, the Monitor’s counsel contacted counsel for the Unsolicited Purchaser advising of what had been disclosed to the Court and asking her to seek instructions on whether the Unsolicited Purchaser was agreeable to a thirty day marketing process, perhaps with a break fee, or whether the Unsolicited Purchaser required an earlier closing, and what deposit mechanics they had in mind;
  - (e) On July 8, 2024, the Monitor received a Letter of Intent (the “**LOI**”) from the Unsolicited Purchaser which was consistent with the offer described previously;

- (f) The Monitor's counsel responded to the Unsolicited Purchaser's counsel requesting that the Unsolicited Purchaser revise two provisions in the LOI. The Unsolicited Purchaser's counsel agreed to seek instructions with a view of submitting a revised LOI;
- (g) A copy of the revised LOI is attached as Appendix B;
- (h) The revised LOI seeks a period of exclusivity with the Company up to August 16, 2024 and provides for the payment of a refundable deposit in the amount of \$200,000;
- (i) The Monitor has discussed the terms of the revised LOI with the Company's counsel who is seeking instructions;
- (j) Subsequent to the previous Court hearing, the DIP Lender advanced a further \$100,000 to the Company which has been used to reduce the outstanding fees of the Monitor and the Company's counsel; and
- (k) The DIP Lender has indicated its expectation to advance further funds to the Company this week.

#### **THE MONITOR'S VIEWS ON THE RELIEF BEING SOUGHT**

- 10. On July 4, 2024, the stay of proceedings was extended to August 9, 2024.
- 11. The Monitor is of the view that based on its discussions with the Unsolicited Purchaser's counsel, and with Company's counsel, that the stay is warranted to explore whether a binding agreement can be achieved with the Unsolicited Purchaser prior to August 9, 2024.

12. However, the Monitor would not be supportive of the Company providing exclusivity to the Unsolicited Purchaser at the purchase price indicated in the revised LOI and has suggested that the Company may want to consider a counter-offer.
13. The Monitor is of the view that the Company is acting in good faith and with due diligence.

All of which is respectfully submitted this 8<sup>th</sup> day of July, 2024.

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



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

# **APPENDIX A**

July 3, 2024

Craig Munro  
FTI Consulting  
via email: [craig.munro@fticonsulting.com](mailto:craig.munro@fticonsulting.com)

**RE: Canadian Dehua International Mines Group Inc.**

Dear Mr. Munro,

I write to submit an offer to purchase the Wapiti and Bullmoose projects of Canadian Dehua International Mines Group Inc. ("CDI").

We are prepared to acquire all the assets relating to the Wapiti and Bullmoose projects in an expedited process for a total purchase price of CAD \$400,000 (four-hundred thousand Canadian dollars). We are ready to instruct our counsel to prepare a purchase agreement which would involve the immediate payment of a deposit, and we would close quickly after conducting the required diligence to our satisfaction. The acquisition would include all coal licenses, geological exploration work and other assets related to the Wapiti and Bullmoose projects.

Our counsel at Stikeman Elliott can confirm that funds have been provided to them in Trust in anticipation of a transaction. We look forward to a positive response from you.

Best regards,



Aref H. Amanat  
President

# **APPENDIX B**



July 9, 2024

Craig Munro  
FTI Consulting  
via email: [craig.munro@fticonsulting.com](mailto:craig.munro@fticonsulting.com)

**RE: Letter of Intent for Assets of Canadian Dehua International Mines Group Inc.**

Mr. Munro,

Subsequent to my letter of July 3, 2024, please find herewith a formal letter of intent relating to the purchase of the Wapiti and Bullmoose projects from Canadian Dehua International Mines Group Inc. (the "**Corporation**").

I understand that the Corporation filed for protection under the *Companies Creditors Arrangement Act* on June 3, 2022 under British Columbia Supreme Court Action S-224444 (the "**CCAA Proceeding**") and a Sales Investment and Solicitation Process ("**SISP**") was approved by the Court within the CCAA Proceeding (the "**CCAA Court**") whereby the assets of the Corporation would be marketed for sale. The deadlines in the SISP have passed, but the Court has granted a further extension of the CCAA proceedings on the basis that the assets of the Corporation are still available for purchase, conditional on CCAA Court approval. In connection with the CCAA Proceedings, and with your assistance as court-appointed Monitor, TaneMahuta Capital Ltd. (the "**Buyer**") submits this letter of intent in order to pursue a purchase of the Wapiti and Bullmoose assets of the Corporation (the "**Target Assets**").

By execution of this Letter of Intent, Buyer and the Corporation agree to the following regarding the Buyer's acquisition of the Target Assets (the "**Transaction**"). The Buyer and the Corporation are referred to collectively as the "**Parties**."

1. Proposed Definitive Agreements. Upon acceptance of this Letter, the Parties will use their best efforts to negotiate in an expedient manner the terms of the Asset Purchase Agreement, with a target signing date of July 16<sup>th</sup>, 2024. The Asset Purchase Agreement will include the terms summarized in Schedule "A" to this Letter and such other terms to be agreed upon by the Parties that are not inconsistent with this Letter. The Parties will also negotiate and finalize all ancillary agreements and documents contemplated by the Asset Purchase Agreement.
2. Exclusivity. From the date hereof until 11:59 p.m. (Vancouver time) on August 16th, 2024 (the "**Exclusivity Period**"), the Corporation will deal exclusively and in good faith with the Buyer in connection with the direct or indirect sale of the Target Assets. Without limiting the generality of the foregoing, during the Exclusivity Period the Corporation shall, and shall cause its respective directors, officers, employees, advisors, and representatives to, negotiate exclusively with the Buyer and its authorized representatives with a view to settling, as soon as possible, the Asset Purchase Agreement providing for the Transaction and shall not, and shall cause each of its directors, officers, employees, advisors and representatives not to, directly or indirectly, in any manner, initiate, solicit, negotiate, encourage or otherwise pursue any discussions with or furnish or cause to be furnished any information relating to the Corporation to any person (other than the Buyer or its authorized representatives) in connection with any transaction the


consummation of which could reasonably be expected to prevent, interfere with or delay the Transaction. During the Exclusivity Period, the Corporation and the Buyer will cooperate and work in good faith towards the execution of the Asset Purchase Agreement.

3. Deposit. Upon execution of this Letter of Intent by both Parties, the Buyer shall transfer a refundable deposit to the solicitors for the Corporation to remain in trust in the amount of \$200,000 (the “**Deposit**”). The Deposit shall remain in trust with the solicitors for the Corporation until such time as the Asset Purchase Agreement is executed or this Letter is terminated. In the event that the Asset Purchase Agreement is executed, the Deposit shall be put towards the purchase price for the Target Assets. In the event that this Letter is terminated without execution of the Asset Purchase Agreement, the Deposit shall be immediately refunded to the Buyer.
4. Confidentiality and Announcements. No press release, public statement or announcement or other public disclosure (a “**Public Statement**”) with respect to this Letter or the transactions contemplated in this Letter may be made except (i) with the prior written consent and joint approval of the Corporation and the Buyer, or (ii) if required by applicable law, any governmental entity or regulatory authority or the rules of any stock exchange.
5. Termination. This Letter shall automatically terminate and be of no further force and effect upon the earlier of (i) the execution of the Asset Purchase Agreement by the Buyer and the Corporation, (ii) mutual agreement of the Buyer and the Corporation, (iii) the entry of an order of the CCAA Court, that has not been solicited or supported by the Corporation, terminating this Letter, and (iv) the expiry of the Exclusivity Period.
6. **GOVERNING LAW. THIS LETTER IS GOVERNED BY AND WILL BE INTERPRETED AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE PROVINCE OF BRITISH COLUMBIA AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN. EACH PARTY IRREVOCABLY ATTORNS AND SUBMITS TO THE EXCLUSIVE JURISDICTION OF THE BRITISH COLUMBIA COURTS SITUATED IN THE CITY OF VANCOUVER (AND APPELLATE COURTS THEREFROM) AND WAIVES OBJECTION TO THE VENUE OF ANY PROCEEDING IN SUCH COURT OR THAT SUCH COURT PROVIDES AN INAPPROPRIATE FORUM.**
7. Expenses. Except as provided otherwise in the Definitive Agreements, the Parties shall each pay their own transaction expenses, including the fees and expenses of brokers, legal counsel and other advisors, incurred in connection with this Letter and the proposed Transaction.
8. No Binding Agreement. Except for paragraphs 2, 3, 4, 5, 5, 6, 7, and 8 (collectively, the “**Binding Terms**”) herein, which shall be binding, this Letter reflects the intention of the Parties, and neither this Letter, nor its acceptance shall give rise to any legally binding or enforceable obligation on any Party. Except for the Binding Terms, no contract or agreement providing for any transaction involving the Target Assets shall be deemed to exist between the Corporation and the Buyer and any of their respective affiliates unless and until the Asset Purchase Agreement has been executed and delivered by each of the Parties.
9. Miscellaneous. This Letter may be executed in counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one agreement. The headings of the

various sections of this Letter have been inserted for reference only and shall not be deemed to be a part of this Letter.

If you are in agreement with the terms set forth above and desire to proceed with the proposed Transaction on the basis described, please sign this Letter in the space provided below and return an executed copy to my attention.

Very truly yours,  
**TaneMahuta Capital Ltd.**

By:   
Name: Aref Amanat  
Title: President

Agreed to and accepted as of \_\_\_\_\_:

**CANADIAN DEHUA INTERNATIONAL MINES  
GROUP INC.**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**SCHEDULE "A"**

<b>MATERIAL TERMS OF DEFINITIVE AGREEMENTS</b>	
<b>PURCHASE PRICE</b>	Subject to the terms and conditions of the Asset Purchase Agreement, the aggregate purchase price paid by the Buyer to the Corporation for the Target Assets shall be \$400,000, in a "cash free/debt free" acquisition.
<b>TARGET ASSETS</b>	All rights, title and interests of the Corporation or its affiliates in and to all rights, property and assets of every kind and description and wheresoever situated, relating to the Wapiti Coking Coal Mines Corporation project and Canadian Bullmoose Mines Project, including all coal licenses and geological exploration work, other than certain excluded assets to be set forth in the Asset Purchase Agreements (the " <b>Target Assets</b> "), to be acquired free and clear of all claims and liens.
<b>FINANCING</b>	Payment of the Purchase Price will be made in cash at the date of closing, from funds currently in trust with the lawyers for the Buyer.
<b>DUE DILIGENCE</b>	Buyer shall conduct a business, financial, and legal due diligence investigation of the Corporation's business and operations relating to the Target Assets to its reasonable satisfaction. The Corporation agrees to make such information as reasonably requested by the Buyer available to the Buyer and its agents and representatives and to authorize reasonable visits to the Corporation's facilities, including meetings with its staff, consultants and experts as reasonably requested by the Buyer.
<b>CLOSING</b>	The parties anticipate that closing of the Transaction will take place as soon as possible upon the granting of an approval and vesting order by the CCAA Court in form and substance acceptable to the Buyer, but in any event, no later than 10 days thereafter.
<b>REPRESENTATIONS, WARRANTIES AND COVENANTS</b>	The Asset Purchase Agreement will contain customary representations, warranties and covenants (including covenants of the Corporation to maintain the Target Assets until closing of the Transaction and certain other customary restrictive covenants). From and after closing of the Transaction, there shall be no contractual indemnities for breaches of any representation or warranty. The sale of the Target Assets shall be on an "as is, where is" basis.
<b>NON-SOLICITATION &amp; EXCLUSIVITY</b>	During the time period commencing on the date of signing the Asset Purchase Agreement until the date of the entry of the order by the CCAA Court with respect to the Sale Approval and Vesting Order, the Corporation shall deal exclusively with Buyer with respect to the Target Assets. The Corporation shall not solicit bids for any alternative transactions with respect to the Target Assets or respond to any inquiries from any person with respect to any such alternative transactions.
<b>CONSENTS</b>	The Corporation shall use commercially reasonable efforts to obtain any third party consents required in connection with the Transaction, provided that no third party consent shall be a condition precedent to closing of the Transaction, except for certain consents to be agreed (or a final and non-appealable court order dispensing with the need for such consents).

<b>MATERIAL ADVERSE EFFECT</b>	As a condition precedent to Buyer’s obligations under the Asset Purchase Agreement, since the date of the Asset Purchase Agreement until closing, there shall not have occurred any Material Adverse Effect, or any event or circumstance that would reasonably be expected to result in a Material Adverse Effect. The definition of “Material Adverse Effect” shall contain customary carve-outs for a transaction of this nature.
<b>ASSIGNMENT</b>	Buyer may assign the Asset Purchase Agreement.
<b>CONDITIONS PRECEDENT</b>	The Asset Purchase Agreement shall contain other conditions customary for a transaction of this nature taking into account the CCAA Proceedings, including, without limitation: (i) the granting of an approval and vesting order by the CCAA Court in form and substance acceptable to the Buyer and, among other things, releasing all claims and liens by or against the Target Assets.
<b>TERMINATION EVENTS</b>	<p>The Asset Purchase Agreement may be terminated upon the occurrence of certain events to be agreed upon, including the following:</p> <ul style="list-style-type: none"> <li>(a) written agreement between the Corporation and the Buyer;</li> <li>(b) by the Corporation or the Buyer upon a material breach by the other Party that would result in a failure of a condition precedent to be satisfied;</li> <li>(c) by the Corporation or the Buyer if an alternative transaction is approved by the CCAA Court;</li> <li>(d) by the Buyer in certain customary circumstances relating to the CCAA Court’s approval orders, including the entry of orders that are not in form and substance reasonably satisfactory to the Buyer or where a CCAA Court denies approval of the transactions;</li> <li>(e) by the Buyer in certain customary circumstances relating to alternative bankruptcy or creditor protection matters; and</li> <li>(f) by the Corporation or the Buyer if the transactions contemplated by the Asset Purchase Agreement are not consummated by the date that is six months following the date of the Asset Purchase Agreement.</li> </ul>
<b>GOVERNING LAW</b>	Province of British Columbia and the federal laws of Canada with respect to the acquisition of the Target Assets.