



# Opportunity to acquire coal mine properties in British Columbia

**DEHUA**

CANADIAN DEHUA INTL. MINES GROUP INC.

December 10, 2022

## Overview/Background

### Opportunity Overview:

- Canadian Dehua International Mines Group Inc. (“**CDI**” or “**the Company**”) is seeking interested parties for:
  - An investment in or the acquisition of CDI’s interest in an early stage mine development referred to as the Murray River project; or
  - An investment in or the acquisition of CDI’s interest in an early stage mine development known as the Bullmoose project.

### Background:

- CDI was incorporated in British Columbia on December 29, 2004 in order to invest in and develop mining assets in British Columbia and other jurisdictions.
- The majority of CDI’s investments were made in partnership with major Chinese mining companies and steel manufacturers as additional shareholders.
- CDI owns 100% of the shares of Canadian Bullmoose Mines (“**CBM**”) which is the owner of the Bullmoose project located in northeastern B.C.
- CDI owns 51% of the shares of Canadian Dehua Lvliang Corp. (“**CDLV**”) which holds a 40% interest in HD Mining International Ltd. (“**HD Mining**”). HD Mining is the owner of the Murray River project located in northeastern B.C.. Accordingly, CDI owns a 20.4% interest in the Murray River project.
- The Company also owns 100% of the following companies:
  - Wapiti Coking Coal Mines Corporation (“**Wapiti**”); and
  - Canadian Dehua Drilling Ltd. (“**CDD**”).

## CDI Mining Projects

Projects	Ownership	Location/Description	Description of CAPEX	Status of mine
<b>Current SISP Process Projects</b>				
Murray River	CDI owns 51% of Canadian Dehua Lvliang Corp. ("CDLV"), which owns 40% of HD Mining International Limited ("HD Mining") resulting in an indirect 20.4% holding in HD Mining	16,024 hectare site in northeastern BC; intended to produce coking coal	Obtained an Environmental Assessment Certificate; Obtained a labor permit; The main inclined shaft has been dug to the D coal seam;	Chinese Consulting firm working on Murray River technical report
Bullmoose	CDI owns 100% of Canadian Bullmoose Mines ("CBM")	5,761 hectare site in northeastern BC; intended to produce coking coal	Pre-feasibility study Report; Block Optimization Research Report; Geological Exploration Report; Detailed geological Report	Next step of project: consultation with First Nation groups, feasibility assessment, environmental assessment
<b>Previous SISP Process Project</b>				
Wapiti	CDI owns 100% of Wapiti Coking Coal Mines Corporation ("Wapiti")	7,773 hectare site in northeastern BC; intended to produce coking coal	NI43-101 Technical Report; Detailed Geological Report; Pre-feasibility Study Report; 39 boreholes drilled; Assessment of the samples obtained from the boreholes; Preliminary research and cooperation discussions held with respect to road and rail access; Water and air quality control monitoring equipment purchased and installed	Estimate of \$1.2 billion to build out mine and commence production  Next step for project: environmental assessment, apply for mine permit
<b>Other Projects</b>				
Iron Ross	CDI owns 100% of Iron Ross	495 hectare site on Vancouver Island;	Purchased mineral rights for the site	Next step of project: consultation with First Nation groups, feasibility assessment, environmental assessment
Pacific Iron	CDI owns 100% of Vancouver Island Iron Ore Corporation ("VIIO")	10,354 hectare site on Vancouver Island;	Preliminary Technical Report; Purchased right to the resources underground	Next step of project: consultation with First Nation groups, feasibility assessment, environmental assessment
CKD	CDI owns 24% of Canadian Kailuan Dehua Mines Co., Ltd. ("CKD")	22790 hectare site in northeastern BC; intended to produce coking coal	Obtained a large sample mine construction permit; Obtained a labor permit	
CDD	no project			



# Murray River Project

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## The Murray River Project

### Ownership:

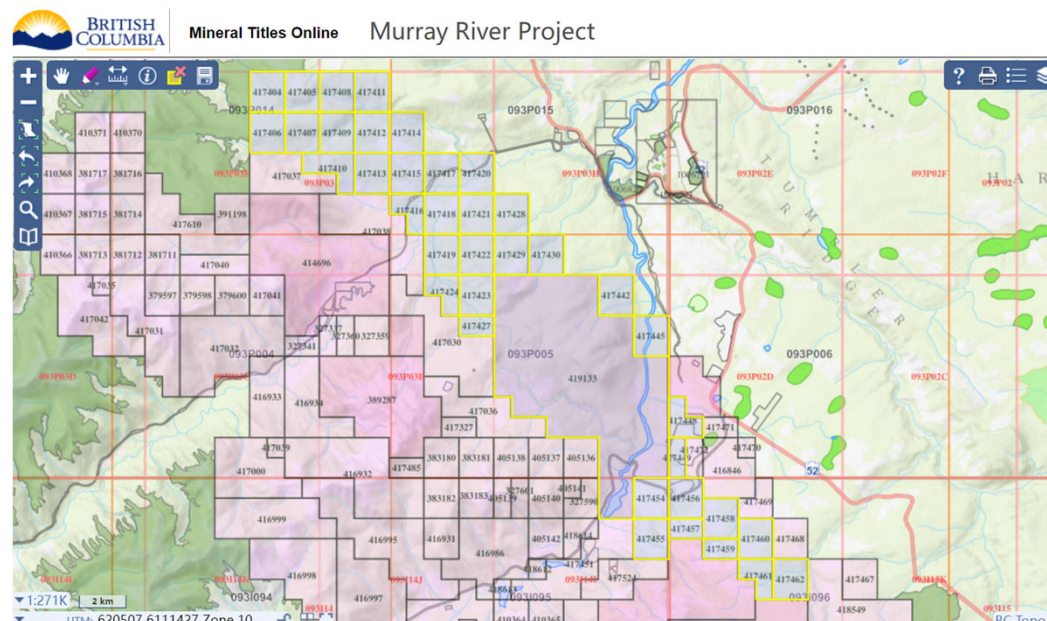
- The Murray River coalfield asset is owned by HD Mining. The majority shareholder HD Mining is Huiyong Holdings Group Co. Ltd.
- CDI indirectly owns 20.4% of HD Mining by virtue of its 51% ownership interest in CDLV, which in turn owns 40% of HD Mining.
- CDI is selling its 20.4% holding of the Murray River Project in HD Mining.

### Geography:

- The Murray River coalfield is located in the northeastern part of BC, Canada, southwest of Tumbler Ridge.
- It has access to three paved highways to Tumbler Ridge.
- The CN railways runs through the Murray River coalfield which allows for transport to the Port of Prince Rupert.

### License and Property Certificate:

- The mining license issued by the Ministry of Energy, Mines and Low Carbon Innovation for the Murray River coalfield property covers the areas highlighted in the diagram to the right.
- The mining license is currently held by HD Mining.
- The Murray River coalfield covers an area of 16,024 hectares.



## The Murray River Project

### Geological Exploration :

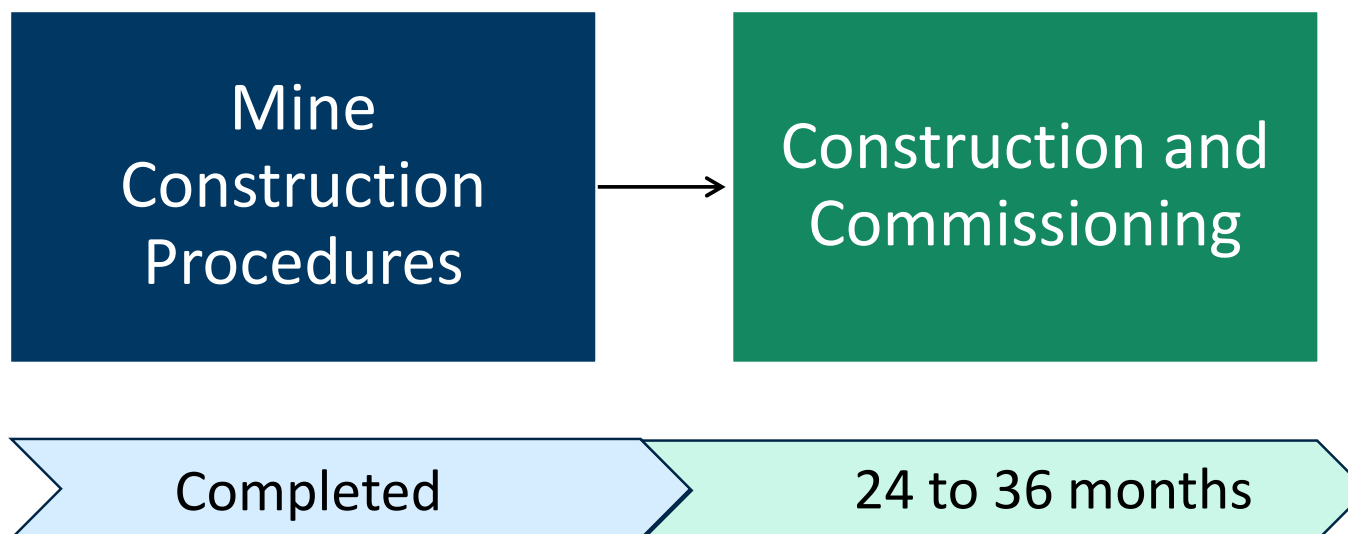
- The Murray River coalfield has conducted 4 stages of exploration in the initial exploration area of approximately 3,745 hectares. This exploration was used to complete the exploration report. There was total of 46 natural gas drilling hole which completed the natural gas well logging measurement.
- In the first stage, HD Mining completed 12 geological drilling holes totaling 10,474.87 meters, 12 geophysical well logging holes, 43 drilling well log curves totaling 36,131 meters, and 4 two-dimension seismic explorations totaling 40km. The data collected were used to conduct coalbed methane analysis, hydrogeological tests, coal quality and rock analysis.
- In the second stage, 20 construction boreholes were completed totaling 17,849.97 meters, including 2 hydrological holes; and completed 3 water examinations. The collected data was used to perform underground water quality analysis, gas analysis; and rock formation analysis.
- In the remaining stages, HD Mining completed 1 wellbore inspector hole, 5 two-dimension seismic explorations totaling 20.93 km, 12 drilling hole for hydrogeology analysis, 27 hydrological tests and 2,489 meters of geophysical well log. It also installed a water sample and monitoring system (Westbay System) and 865 meters of Vibrating Wire Piezometer sensors.

### Mineable Coal Seams and resources:

- The entire coalfield is considered mineable coal seams with Gates formation and Gething formation.
- The coal type is mainly coking coal.
- The estimated mineable resource is about 696.67 million tons.

## The Murray River Project – Next Steps

- HD Mining has completed all required mine construction procedures and obtained all the required permits including Environmental Assessment Certification, mining permits and labour permits to proceed to construction.
- The main inclined axis has been dug to the D Coal seam and ready to produce coal when construction completes.
- The Murray River project is expected to take 24 to 36 months to construct the following facilities and start commissioning:
  - Coal production mine and facilities for 6 million tons/year;
  - Coal preparation plant for processing capacity of 6 million tons/year;
  - Dedicated coal loading station for 4.8 million tons/year;
  - Gangue storage field for washing and discharging gangue in coal preparation plant;
  - Well construction gangue field to shaft excavation and gangue removal.
  - 230/35kv abd 35/10kv substations.





# Bullmoose Project

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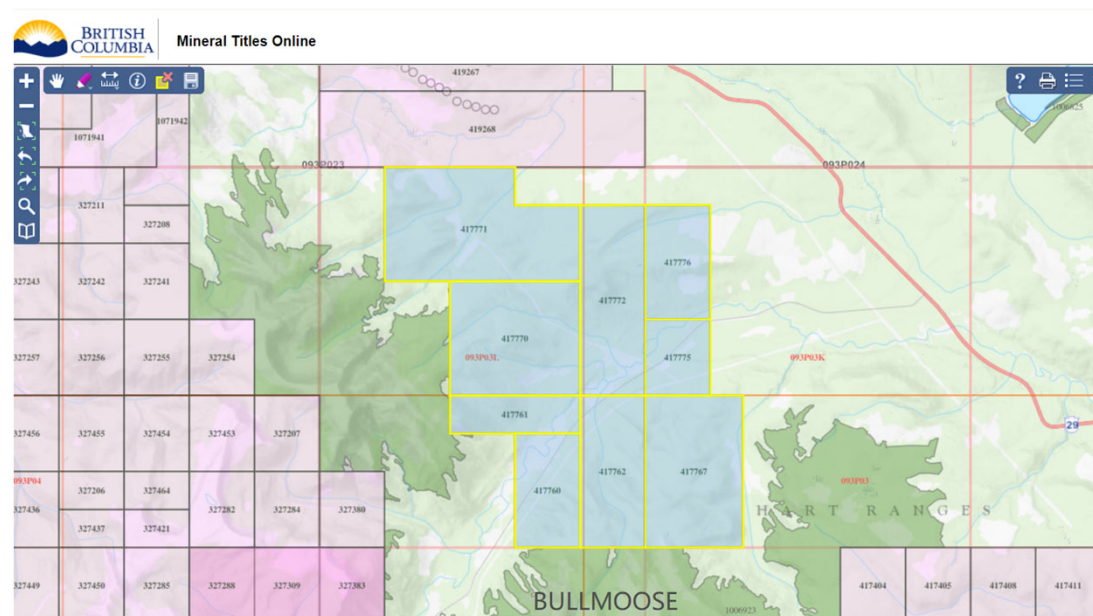
## The Bullmoose Project

### Geography:

- The Bullmoose coalfield is located in the northeastern part of BC, Canada, approximately 20km northwest of Tumbler Ridge.
- The CN railways passes through the coalfield boundary, and the nearest coal loading station, operated by Teck Corporation, is 15km southeast of the coalfield. Accordingly, the ore can be transported to the Port of Prince Rupert.

### License and Property Certificate:

- The mining license issued by the Ministry of Energy, Mines and Low Carbon Innovation for the Bullmoose coalfield property covers the areas highlighted in the diagram to the right.
- The mining license is currently held by CDI.
- The Bullmoose coalfield area is 5,761 hectares.



## The Bullmoose Project

### Geological Exploration :

- CDI has carried out the detailed geological exploration of the coalfield. There has been 28 coal drilling holes completed, including 3 hydrogeological drilling holes and 11 geotechnical engineering study drilling holes. 216 batch of coal quality samples and 174 batch of geotechnical engineering samples were extracted.
- Further exploration includes the collection of 30 coalbed methane gas desorption samples, the implementation of 3 two-dimensional seismic lines for 33,107 meters, and well logging measurement for 16,782.4 meters.
- There are total of 4 drilled wells, total drill depth of 13,745.5 meters. The B076 drill well is located in the Bullmoose exploration area, with a drill depth of 4,386 meters; and the other 3 wells are located near the exploration area with drill depth total to 9,359.5 meters.

### Mineable Coal Seams:

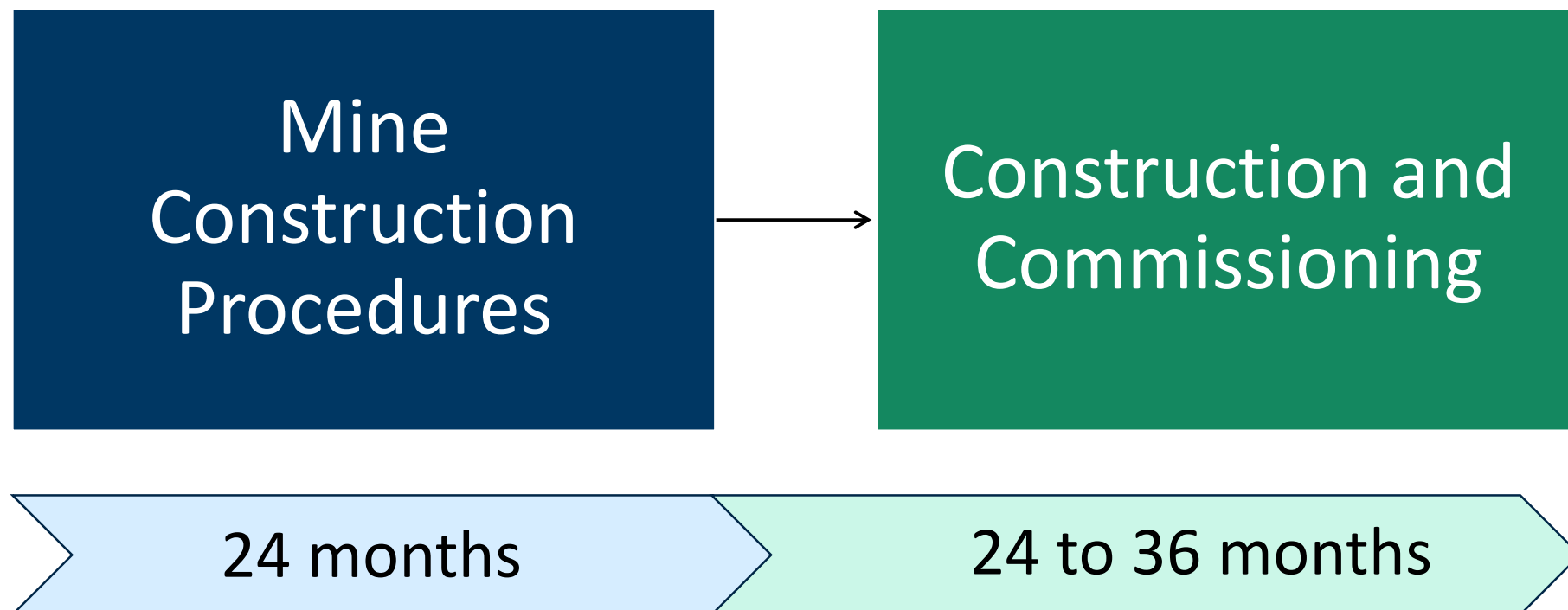
- The mineable coal seam in the Bullmoose project is as follows:
  - BC Coal seam of the Boulder Creek formation;
  - E1 coal seam of the Gates formation; and
  - D coal seam of the Gates Formation.
- The BC coal seam and E1 coal seams are partial minable coal seams, while D coal seam is considered a majority minable coal seam. The coal seam is considered relatively stable based on the comprehensive evaluation.
- Out of the 28 coal drilling holes completed, 26 contain coal.
- The coal in Bullmoose coalfield is characterized by its ultra-low moisture, medium to medium-high ash level, medium to ultra-low sulfur, low fluorine and ultra-low chlorine. The coal has high heating stability and strong viscosity. The coal type is mainly coking coal.

### Mineable coal seam resources reserves

- The estimated mineable resource is about 812.20 million tons, and the reserve is estimated to be 434.50 million tons.
- The coal seams are stable and suitable for large-scale mechanized mining operations.

## The Bullmoose Project – Next Steps

- CDI has completed the pre-feasibility report, Black Optimization research report, geological exploration report and detailed geological report.
- The next step is to complete the required mine construction procedures, including consultation with First Nation groups in the Bullmoose project area, proceeding with a feasibility assessment and environmental assessment.





# Process Timeline

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## Process Timeline

Actions	Date
Distribution of Asset Teaser	December 10, 2022
NDAs Provided	December 10, 2022
Access to the Data Room	December 10, 2022 to March 9, 2023
Deadline for Non-Binding Letters of Interest*	March 10, 2023

\* Following the deadline for Non-binding Letters of Interest, CDI will seek to negotiate a definitive agreement with the preferred proponent or proponents.