



IN THE GRAND COURT OF THE CAYMAN ISLANDS

FINANCIAL SERVICES DIVISION

(MRHCJ)

CAUSE NO. FSD OF 2025 ()

IN THE MATTER OF THE EXEMPTED LIMITED PARTNERSHIP ACT (2025 REVISION)

AND IN THE MATTER OF THE COMPANIES ACT (2025 REVISION)

AND IN THE MATTER ARSAGO MINING CAPITAL II, LP (IN VOLUNTARY LIQUIDATION)

PETITION FOR COURT SUPERVISION

TO THE GRAND COURT OF THE CAYMAN ISLANDS

The humble petition of IMS Liquidations Ltd, 4th Floor, Harbour Centre, George Town, KY1-1102, Cayman Islands (the "**Petitioner**") the Voluntary Liquidator of Arsago Mining Capital II, LP (In Voluntary Liquidation) (the "**Partnership**") shows that:-

Introduction

1. The Partnership was registered in the Cayman Islands on 24 October 2012 as an exempted limited partnership with registration number 68005. The registered office of the Partnership is International Management Services Ltd, Harbour Centre, George Town, KY1-1102, Cayman Islands.

2. Arsago Cayman GP Ltd. (In Voluntary Liquidation) (the “**General Partner**” or “**GP Ltd**”) is the general partner of the Partnership. GP Ltd is a Cayman Islands exempted company registered on 23 October 2003 with registration number 129182. The registered office of GP Ltd is Conyers Trust Company (Cayman) Limited, P.O. Box 2681, Cricket Square, Hutchins Drive, George Town Grand Cayman, Cayman Islands.
3. As a result of low valuations of the Partnership’s primary underlying assets, GP Ltd formed a view that the Partnership would not be in a position to discharge its liabilities. As of December 2024, the Partnership has outstanding liabilities at approximately USD 1.5 million and the value of the Partnership’s assets is approximately USD 545,000. While there is room for that value to increase substantially at the eventual exit, GP Ltd has formed a view that this would not move the Partnership currently into a solvent position.
4. As a result, after consultation with the Partnership’s stakeholders, a decision was taken to put the Partnership into voluntary liquidation with a view to bringing that liquidation under the supervision of the Court.
5. The voluntary liquidation of the Partnership commenced on 30 September 2025, in accordance with a majority vote of the Partnership’s limited partners pursuant to section 36(1)(b) of the Exempted Limited Partnership Act (2025 Revision) (the “**ELP Act**”).
6. As the partnership agreement does not specify otherwise, the default majority vote rule set out above governs the voluntary winding up of the Partnership.
7. The General Partner and a two-thirds majority of the limited partners voted in favour of voluntarily winding up the Partnership, with the votes being concluded by way of Voting Forms received both prior to and following the extraordinary general meeting of the Partnership on 23 September 2025, and for the appointment of the Petitioner as Voluntary Liquidator.

8. By resolutions dated 30 September 2025, the directors of the General Partner resolved to put the Partnership into voluntary liquidation (the “**Directors Resolutions**”). The directors resolved to:
- (a) Approve the voluntary liquidation of the Partnership and the appointment of the Voluntary Liquidator;
 - (b) Authorize any director to take all necessary actions and sign documents required under the ELP Act in relation to the voluntary liquidation and transition to official liquidation;
 - (c) Empower the Voluntary Liquidator to take any actions deemed necessary or desirable for the voluntary liquidation, including preserving assets, liaising with creditors and stakeholders, and preparing for anticipated Court-supervised official liquidation;
 - (d) Confirm that distributions to creditors or limited partners will be handled by the liquidators in accordance with Cayman Islands law, the Partnership Agreement, and, once under Court supervision, the directions of the Court;
 - (e) Ratify and approve the engagement letter and terms for the Voluntary Liquidator’s services, including the payment of fees and expenses; and
 - (f) Approve the change of the Partnership’s registered office to International Management Services Ltd. and authorize the Voluntary Liquidator to file all necessary documents with the Registrar of Companies.
9. In accordance with the Directors’ Resolutions, the Petitioner presents this Petition seeking orders and directions for the voluntary liquidation of the Partnership to continue under the supervision of the Court, and for the appointment of Carlos Bourgy of IMS Liquidations Ltd to act as the Official Liquidator of the Partnership, along with such other orders and directions as may be necessary pursuant to sections 36(g) and 36(13) of the ELP Act.

Background

10. The Partnership is a vehicle which invests in the rare earth minerals project of Arsago Mining Capital Ltd. (“**AMCL**”), another group entity registered pursuant to

the law of the British Virgin Islands. The Partnership has a 28.73% interest in AMCL.

11. AMCL originally held a 10% interest in Mid LA Mining Holdings LLC ("**Mid LA**"), a Delaware entity which has since re-incorporated in the Cayman Islands, with the remaining 90% held by a US-based private equity fund (the "**Majority Investor**").
12. Serre Verde Rare Earths Ltd. ("**SVREL**"), a subsidiary of Mid LA, is Mid LA's only remaining viable asset, following the write-off of certain other investments.
13. The Partnership was created with the specific purpose of raising further capital to be invested in AMCL to meet certain unforeseen capital expenditure that would be required to bring SVREL to exit; which was anticipated by the end of 2015.

Financial Position of the Partnership

14. Notwithstanding the Partnership's investment horizon which was originally structured around a projected exit by the end of 2015, there were further delays triggered at the SVREL level. The Partnership and AMCL did not participate in further capital raises between 2015 and 2018, resulting in proportional dilution. Following unsuccessful negotiations, the Majority Investor postponed the exit date indefinitely, creating significant uncertainty for the Partnership and its stakeholders.
15. In December 2018, the Majority Investor announced a move to full operational production at SVREL, with new investors contributing nearly USD 150 million at the SVREL level. Together with the proportional dilution and other factors, this resulted in a negative impact on projected investment returns.
16. The delays, certain regulatory changes in the Cayman Islands, and the impact of the Covid-19 pandemic significantly increased both upfront and ongoing costs for the Partnership. In October 2020, GP Ltd, on behalf of the Partnership invited limited partners to provide loans, with repayment to be made from future exit proceeds in order to maintain its activities and avoid a forced sale or liquidation.

17. Only 14 of the then 22 limited partners accepted the invitation and executed unsecured loan agreements triggering a 20% loan interest and resulting in an aggregate principal and accrued interest outstanding on the limited partner loans of just under \$1.4 million (the “**Limited Partner Loans**”).
18. As at December 2024, the Partnership’s interest in AMCL is valued at approximately US\$545,000, while the aggregate principal and accrued interest outstanding on the Limited Partner Loans is just under US\$1.4 million. This disparity renders the Partnership insolvent and necessitates its immediate liquidation. Because the loans are in the name of GP Ltd, the insolvency of the Partnership directly results in the insolvency of GP Ltd.
19. The Partnership has a negative net balance and insufficient assets to meet its liabilities. While there remains a possibility of future improvement in asset value upon an eventual IPO/exit, the present position is one of insolvency. Accordingly, the Partnership was placed into voluntary liquidation with a view to its liquidation being continued under the supervision of the Court.

The Voluntary liquidation

20. Under section 36(1)(b) of the ELP Act, the process for the voluntary winding up of an exempted limited partnership is governed by the partnership agreement. Unless the agreement specifies otherwise, a resolution must be passed by all general partners and at least a two-thirds majority of the limited partners to initiate the winding up.
21. In accordance with the requirements of the ELP Act, on 30 September 2025, the directors of GP Ltd resolved to put the Partnership into voluntary liquidation in accordance with ELP Act.
22. In anticipation of the resolutions to put GP Ltd and the Partnership into voluntary liquidation, the General Partner invited the limited partners of the Partnership to an extraordinary general meeting (the “**EGM**”) on 10 September 2025.

23. A two-thirds majority of the limited partners, alongside the General Partner, approved the voluntary winding up of the Partnership at the EGM, with votes submitted both before and after the meeting. Of the current 21 limited partners, 17 voted in favour of the resolution. This satisfies the two-thirds majority required under the ELP Act.

The Provisions of the ELP Act

24. Pursuant to section 36 of the ELP Act:

“36(1) An exempted limited partnership shall be voluntarily wound up in accordance with the provisions of the partnership agreement –

(a)...

(b) unless otherwise specified in the partnership agreement, upon the passing of a resolution of all the general partners and two-thirds majority of limited partners.”

36(3) Except to the extent that the provisions are not consistent with this Act, and in the event of any inconsistencies, this Act shall prevail, and subject to any express provisions of this Act to the contrary, the provisions of Part 5 of the Companies Act (2025 Revision) and the Companies Winding Up Rules (2023 Consolidation) shall apply to the winding up of an exempted limited partnership and for this purpose –

...

(d) except for sections 123, excluding subsection (1)(b) and (c), 129, 140, 145, and 147 of the Companies Act (2025 Revision), Part 5 shall not apply to a voluntary dissolution and winding up under subsection (1);

...

(g) on application by a partner, creditor or liquidator, the court may make orders and give directions for the winding up and dissolution of an exempted limited partnership as may be just and equitable.

36(13) Following the commencement of the winding up of an exempted limited partnership its affairs shall be wound up by the general partner or other person appointed pursuant to the partnership agreement unless the

court otherwise orders on the application of any partner, creditor or liquidator of the exempted limited partnership pursuant to subsection (3)(g).

25. Pursuant to section 129 of the Companies Act (which expressly applies to the voluntary liquidation of partnerships pursuant to section 36(3)(d) of the ELP Act):

129. Reference of questions to the Court

(1) The voluntary liquidator or any contributory may apply to the Court to determine any question arising in the voluntary winding up of a company or to exercise, as respects the enforcing of calls or any other matter, all or any of the powers which the Court might exercise if the company were being wound up under the supervision of the Court.

(2) The Court, if satisfied that the determination of the question or the required exercise of power will be just and beneficial, may accede wholly or partly to the application on such terms and conditions as it thinks fit, or make such other order on the application as it thinks just.

Grounds for Supervision Order

26. The Partnership is insolvent and unable to pay its debts as they fall due. The Partnership's financial position is such that its assets are insufficient to meet its liabilities, necessitating the intervention of the Court to ensure an orderly and equitable winding up.
27. In particular, the devaluation of the Partnership's underlying assets means that the partnership has insufficient funds to repay the Limited Partner Loans.
28. The application for a supervision order is made with the support of an overwhelming majority of limited partners. This reflects a collective view that independent supervision is required to protect the interests of all stakeholders and to ensure transparency and fairness in the winding up process. The general partner also supports this Petition.

29. In light of the insolvency and the consensus among investors, it is just and equitable for the Court to appoint independent liquidators to supervise the winding up.
30. The Court has jurisdiction under section 36 of the ELP Act to appoint independent liquidators over an exempted limited partnership and make such orders as may be just and equitable, particularly where the partnership is insolvent. The Partnership's general partner, GP Ltd, is also the subject of a similar application for supervision of its voluntary liquidation in related proceedings.
31. Section 36(3)(g) and section 36(13) of the ELP Act, together with section 129 of the Companies Act, collectively establish the statutory framework under which the Court may make orders and issue directions regarding the voluntary winding up of the Partnership. These provisions empower the Court not only to oversee and direct the winding up and dissolution of an exempted limited partnership as it considers just and equitable, but also to order that the voluntary liquidation be continued under the Court's supervision and for an independent insolvency practitioner to be appointed as official liquidator.
32. Considering the above, Carlos Bourgy is a qualified insolvency practitioner within the meaning of section 89 of the Companies Act and consents to being appointed as the official liquidator of the Partnership.

THE PETITIONER THEREFORE HUMBLY PRAYS THAT:-

1. The voluntary liquidation of the Partnership be continued under the supervision of this Honourable Court pursuant to sections 36(3)(g) and 36(13) of the Exempted Limited Partnership Act (2025 Revision) (the "**Act**").
2. Carlos Bourgy of IMS Liquidations Ltd, Harbour Centre, George Town, KY1-1102, Cayman Islands, be appointed as the official liquidator of the Partnership.
3. The official liquidator shall not be required to give security for his appointment.

4. The official liquidator is authorised to exercise, without further sanction of the Court, the powers as set out in Part 2 of Schedule 3 of the Companies Act, including but not limited to:
 - 4.1 take possession of, collect and get in the property, books and records of the Partnership and for that purpose to take all such proceedings as the official liquidator considers necessary;
 - 4.2 do all acts and execute, in the name and on behalf of the Partnership, all deeds, receipts and other documents;
 - 4.3 convene meetings of creditors and limited partners;
 - 4.4 control and otherwise deal with all existing bank accounts in the name of the Partnership and to open new bank accounts in the name of the Partnership; and
 - 4.5 do all other things incidental to the exercise of the official liquidator's powers.
5. All rights or property of every description of the Partnership, including all choses in action, held or deemed to be held by the General Partner, shall vest without the requirement for further formalities in the official liquidator and shall be held by the official liquidator in accordance with the Act.
6. In addition to the powers prescribed in Part II of the Third Schedule to the Act which are exercisable without sanction of the Court, the official liquidator is hereby sanctioned to exercise the following powers set out in Part I of the Third Schedule of the Companies Act:
 - 6.1 to engage staff (whether or not as employees of the Company) to assist the official liquidator in the performance of their functions;
 - 6.2 to engage attorneys including in the Cayman Islands, on such terms as the official liquidator think fit; and

- 6.3 to control and otherwise deal with all existing bank accounts in the name of the Company and to open new bank accounts in the name of the Company.
7. The official liquidator may exercise the powers given to them within and outside of the Cayman Islands.
8. The official liquidator is authorised to render and pay invoices out of the assets of the Company for their own reasonable remuneration and are also authorised to meet all reasonable disbursements in connection with the performance of their duties out of the assets of the Company as an expense of the official liquidation.
9. The official liquidator shall be at liberty to apply under section 36(3)(g) of the Act for further orders and directions.
10. The Petitioner's costs of and incidental to the Petition shall be paid forthwith out of the assets of the Partnership as an expense of the liquidation, such costs to be taxed on an indemnity basis if not agreed with the official liquidator.
11. Such further and/or other relief as this Honourable Court deems appropriate.

AND your Petitioner will ever pray etc.

DATED the 7th day of November 2025.

Conyers Dill & Pearman LLP

Conyers Dill & Pearman LLP

Attorneys-at-Law for the Petitioner

Notice of Hearing

TAKE NOTICE THAT the hearing of this petition will take place at the Law Courts, George Town, Grand Cayman on the 8 day of December 2025 at 9:30 am/pm.

Any correspondence or communication with the Court relating to the hearing of this petition should be addressed to the Registrar of the Financial Services Division of the Grand Court at PO Box 495, Grand Cayman, KY1-1106, telephone 345 949 4296.