

IN THE GRAND COURT OF THE CAYMAN ISLANDS
IN THE FINANCIAL SERVICES DIVISION

FSD NO. 99 OF 2010

IN THE MATTER OF THE COMPANIES LAW (2009 REVISION)

AND IN THE MATTER OF SECTION 30(11)(b) OF THE MUTUAL FUNDS LAW (2007 REVISION)

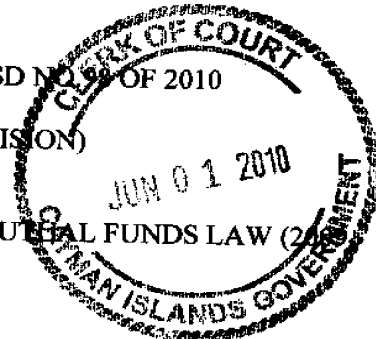
AND IN THE MATTER OF SEXTANT STRATEGIC GLOBAL WATER FUND
OFFSHORE LTD. (IN CONTROLLERSHIP)

AMENDED WINDING UP PETITION

To: The Grand Court of the Cayman Islands, Financial Services Division

The humble Petition of the Cayman Islands Monetary Authority of P.O. Box 10052, 80e Shedden Road, Elizabethan Square, Grand Cayman KY1-1001, Cayman Islands (the Petitioner) shows that:

1. Sextant Strategic Global Water Fund Offshore Ltd. ('the Sextant Water Fund') and was incorporated as exempt companies on 28 March 2006 under the Companies Law (2004 Revision).
2. The Sextant Water Fund' is a private investment funds registered with the Cayman Islands Monetary Authority ("the Authority") under section 4(3) of the Mutual Funds Law (2007 Revision) on 6 August 2007.
3. The Sextant Global Water Fund Offshore Ltd and the Sextant Strategic Hybrid2Hedge Resources Fund together are referred to as "the Sextant Offshore Funds" and at the time of registration the administrator and registered office of the Sextant Offshore Funds was Admiral Administration Ltd ("Admiral"). The Investment Manager was Sextant Capital Management Inc. S.a.r.l (a Luxemburg company), the auditor of the Sextant Offshore Funds was BDO Tortuga ("BDO") and the Sextant Offshore Funds' local Legal Counsel was Walkers. Admiral resigned as administrator on 25 January 2008 and SGGG Fund



Services (Cayman) Limited were appointed as administrator in January 2008. However, their services were terminated by the Investment Manager in May 2008. The present administrator of the Sextant Offshore Funds is Harbour Financial Services Limited, Bermuda ("Harbour").

4. The Sextant Offshore Funds are part of a larger group developed by its founder Dr. Otto Spork ("Spork"), including companies in Canada, Luxembourg and Iceland. Since June 2008, Sextant Capital Management A Islandi EHF ("Sextant Iceland") is the manager and investment adviser for the Sextant Offshore Funds and is the sub-adviser for Sextant Strategic Opportunities Hedge Fund LP ("the Sextant Canadian Fund"). Prior to this, from August 2007 to May 2008, the manager and investment advisor was Sextant Capital Management S.a.r.l..
5. As at 30 April 2009 *the Sextant Water Fund* held 94.16% of its portfolio in *Iceland Glacier Products S.A. ("IGP Lux")* and 3.99% in *Iceland Global Water2 Partners SCA ("IGW Lux")*. Both IGP Lux and IGW Lux are Luxembourg companies. Whilst, Sextant Hybrid Fund held 91.82% of its portfolio in IGP Lux and 3.2% in IGW Lux and similar proportions to these holdings are held by The Sextant Canadian Fund. Thus, the principal investments of the Sextant Offshore Funds and the Sextant Canadian fund are concentrated in the two Luxembourg holding companies, which control two Icelandic companies (Iceland Glacier Products ehf ("IGP Iceland") (100%) and Iceland Global Water ehf ("IGW Iceland") respectively established to distribute water in bulk and bottled form, sourced from glaciers in Iceland to consumers in the USA and other international markets. These companies are not yet operating.
6. IGP Iceland and IGW Iceland both purportedly own rights, indirectly to draw water from glaciers in Iceland and intend to use those rights for the purpose of shipping commercial quantities of water in bulk and bottled form. Neither IGP Iceland nor IGW Iceland appears to have earned any revenue to date and neither are currently operating as they are considered still in the development stage.
7. At the time of registration of the Sextant Offshore Funds, the directors of the Fund were Spork, Philip Cater and Christopher Bowring. Spork also wholly owns Sextant Iceland in

which he is the managing director and portfolio manager. He also has significant interests in IGP Lux and IGW Lux. Hence, the investment manager and advisor of the Sextant Offshore Funds are controlled by Spork and each Fund has significant investments in the Luxembourg companies in which Spork, or entities controlled by him are also significant shareholders.

8. Spork is the sole director of Sextant Capital Management Inc. ("SCMI") (a Canadian company which manages securities and future contracts and is the principal distributor of the Sextant Canadian Fund). The Sextant Canadian Fund is a mutual fund in Ontario with 240 investors across Canada with net assets of over \$53 million at November 30, 2008. Consequently, Spork is the directing mind behind the Sextant Canadian entities, Sextant Iceland, Sextant Offshore Funds, IGP Lux, IGW Lux, IGP Iceland and IGW Iceland.
9. On 15 May 2009, pursuant to its powers conferred by Section 30(3)(e) of the Mutual Funds Law (2007 Revision), the Authority appointed Messrs Kenneth Kryss and Timothy Le Cornu ("the Controllers") of the firm Kryss and Associates Cayman Ltd. to assume control of the affairs of the Sextant Offshore Funds and to have, with necessary changes, all powers of a person appointed as a Receiver or Manager of a business appointed under section 18 of the Bankruptcy Law (1997 Revision). On 16 June 2009, by the Order of the Grand Court (Cause No.274 of 2009), the Controllers obtained their powers to act accordingly. *A copy of the sealed Order of the Court is attached in the Appendices-Tab 1.*
10. The appointment of the Controllers by the Authority was based upon its regulatory concerns about the manner in which the Sextant Offshore Funds had been operating, which were shared by the Ontario Securities Commission ("the OSC") about the manner in which the Canadian Sextant Entities had been operating. The Authority noted the Sextant Offshore Funds breaches and conduct as follows:

Breaches of the Law and the Conduct of the Sextant Offshore Funds:

- i. Breach of Section 4(3)(b) of the Mutual Funds Law for failure to file with the Authority the prescribed details in respect of its current offering document. There have been material changes to the Sextant Offshore Fund's service providers since the last offering document was filed, which was dated January 28, 2008;

ii. Serious concerns similar to the ones outlined by the OSC as to the management of the Sextant Offshore Funds (which are managed by the same persons and entities and have the same core investments as the Sextant Canadian Fund). These concerns include:

1. The Sextant Offshore Funds did not notify the Authority about the following material events: (i) the Mareva injunction granted by the Ontario Superior Court of Justice ("the Ontario Court") on 4 February 2009 over several entities, including the Sextant Offshore Funds, SCMI and Sextant Iceland based upon the application filed by the Squirrel Trust No.1 ("Squirrel"). *A copy of the Mareva injunction is attached in the Appendices Tab 2*; (ii) the order by the OSC against the Sextant Offshore Funds and other orders against the Canadian Sextant entities; and (iii) the winding-up proceedings in the Grand Court filed by Barfield Nominees Limited ("Barfield"). *(attach in the Appendices at Tab 6)*
2. The Sextant Offshore Funds did not notify the Authority of their decision to compulsorily redeem certain investors, or their inability to date to fully pay the redemption proceeds of the compulsory redemptions. Further, it is not clear from the information available to the Authority why the Sextant Offshore Funds took this decision, especially since they have been unable to satisfy payment of the redemption proceeds.
3. The Sextant Offshore Funds have indicated that they intend to satisfy the outstanding redemption proceeds due to investors by making an in specie distribution. The Motion Record pertaining to the application to vary the terms of the existing Mareva Order in Canada set out that there are effectively two ways in which assets could be identified for transfer to Barfield to extinguish the debts due it, namely:
 - a. Specific securities or other assets of the Sextant Offshore Funds could be transferred to Barfield; or
 - b. A "vertical slice" could be taken of the Sextant Offshore Funds' portfolio of assets. This means that Barfield would receive a pro-rata portion of each asset of the Sextant Offshore Funds.

Note: On 6 April 2009 the Ontario Court heard the motion brought by the Sextant Offshore Funds to vary the Mareva Order. The motion was adjourned by the Ontario Court pending the filing of further evidence to address the Trust's concerns. As mentioned above, the Sextant Offshore Funds' main assets are a private company that there is no independent valuation for and whose price has increased from an initial cost of EUR0.163 in July 2007 to EUR2.45 in January 2009. Also of note, several months passed following the compulsory redemption and the other redemption request before the Sextant Offshore Funds gave any consideration to considering an in specie distribution

4. The Sextant Offshore Funds appear to be operating outside of the investment objectives stated in their offering memorandum and other material distributed to investors. The information in the OSC's latest affidavit sworn on 5 March 2009 states that on a market value basis, 92% of Sextant Hybrid and 95% of Sextant Water is invested in IGP Lux. These figures are based on information from Investment Administration Solutions Inc ("IAS"), which was independently verified by the Authority (? Clarify verified). In addition investors in the Sextant Offshore Funds allege that SCMI misrepresented the composition of the Sextant Offshore Funds' assets, especially with regard to the concentration in IGP Lux.
5. There has been no independent valuation of IGP Iceland, which has risen in value (by reference to IGP Lux) by 1,400% during the period July 2007 to January 2009. According to the OSC affidavit, IGP Iceland has generated no revenues. The purported valuation put forward by the Sextant Canadian entities for IGP Iceland was based on certain revenue targets being met in each financial year.
6. The OSC has determined that three of the letters of intent ("LOIs") submitted by Spork to Canacord when he approached them to help IGP Iceland with a proposed capital markets plan in order to raise capital were fraudulent. The OSC have not located contact information for the purported counterparties on the balance of the LOIs; however, they intend to continue investigating those additional LOIs. These fraudulent misrepresentations are of serious concern, as they appear to be an attempt to entice additional funds from investors and or financiers into IGP Lux and IGP Iceland.
7. Investors in the Sextant Offshore Funds have either been compulsorily redeemed or requested redemption and the Sextant Offshore Funds have been unable to pay the redemption proceeds. The Sextant Offshore Funds' proposed course of action was to pay them with an in specie distribution. However, given that the Sextant Offshore Funds' largest asset is IGP Lux for which there are valuation issues, it is not clear how such a distribution would be done.
8. Given that:
 - (i) The winding up proceedings initiated by Barfield against the Sextant Offshore Funds in the Grand Court of the Cayman Islands had been adjourned indefinitely to allow the Sextant Offshore Funds to make an application to the Ontario Court to vary the Mareva injunction in order to make an in specie distribution; and
 - (ii) the adjournment by the Ontario Court pending the filing of further evidence to address the concerns raised by Squirrel, the party who

had successfully obtained the Mareva injunction

The Authority held the view that regulatory action was needed immediately to protect against prejudicing investors' interests as any variation of the Mareva injunction would have affected the security of the Sextant Offshore Funds' assets in some manner.

11. Further, the concerns of the Authority are supported by the findings of the application judge; Wilton-Siegel J. in granting the Mareva injunction in February 2009. In his judgement, the Judge found that the market value of the IGP Lux shares was not justifiable, that there is no evidence that the water rights of IGP Iceland, or the shares of IGP Lux (check entities per Order), are or will in the reasonable future, be marketable and there is no basis to ascribe any significant value to this investment of the Sextant Offshore Funds. Thus, "the compelling conclusion from the foregoing is that there was no basis for the payment of the performance fees in the amounts paid to the Manager and Sextant Capital Management S.a.r.l during 2007 and 2008. The facts demonstrate a clear propensity on the part of these parties and Spork as the controlling mind and will of the parties, to appropriate assets of the Sextant Offshore Funds to the detriment of their shareholders.. The evidence indicates that the manager and Spork have pursued a course of action that involved furthering the interest of himself and the manager at the expense of honouring their fiduciary and contractual obligations to the shareholders of the Sextant Offshore Funds, including any judgment that may hereafter be obtained in this proceeding." *Copy of the Mareva Injunction and Endorsement of Wilton-Siegel J. is attached in the Appendices- Tab 2*

12. IGP Lux was placed into voluntary liquidation on 19 May 2009, after the appointment of the Controllers. The directors of IGP Lux (who are also the directors of the Sextant Offshore Funds) were appointed Liquidators. Given that the Sextant Offshore Funds are significant shareholders in IGP Lux the directors' actions in regard to the liquidation of IGP Lux are in clear breach of the Controllershship. The Controllers were immediately concerned the liquidation of IGP Lux may, at the least, impact the value and realisation of the Sextant Offshore Funds' investment, or be an attempt to move those investments from the reach of the Controllers.

13. On 17 July 2009 the OSC provided the Authority with a copy of the decision of the Ontario Superior Court of Justice appointing PricewaterhouseCoopers ("PWC") as

receiver ("the Receiver") over the Sextant Canadian Entities. *Attached in the Appendices- Tabs 3*

14. The Controllers carried out extensive investigations, the results of which are contained in their reports (First Interim Report dated 24 June 2009 and Updated Report of 21 July 2009 ("the Controllers' Reports")) submitted to the Authority. *The Controllers' Reports is attached in the Appendices- Tabs 4 & 5.*

The following main findings:

- a. The Sextant Offshore Funds' investments, at best, do not strictly conform to the investment strategy in their Confidential Private Placement Memorandums. At worst, they are outside the investment strategy.
- b. There are various irregularities with the disclosed investment strategy and investment transactions conducted by the Sextant Offshore Funds.
- c. There are a number of purchases and sales of shares in the Luxembourg companies made between related entities and the Sextant Offshore Funds. There are discrepancies between what is disclosed in the accounts versus what is recorded on the share registers.
- d. The liquidation of IGP Lux may cause complications to any proposed distribution in specie to satisfy redemptions payable by the Sextant Offshore Funds which is likely to be the subject of a further Court hearing in Canada.
- e. Further, there are a number of matters that are complicating and delaying the consideration of the in specie transfer of assets to investors. In particular, no in specie transfer of assets can take place until it is established whether, as a consequence of the liquidation of IGP Lux, the Sextant Offshore Funds will be receiving shares in IGP Iceland. It is also of concern that historical NAVs appear to have been significantly inflated. The matter of potential errors in the calculation of the NAVs by the Sextant Offshore Funds' NAV calculation agents is of comparatively minor concern in light of the other significant findings and subsequent developments.
- f. There are serious concerns regarding the availability of the additional funding that is required to complete the projects in Iceland and make the plants operational. There are also concerns whether the construction materials meet building specifications. If the funding is not available for construction shortly, there is a risk the plant will not be completed by the 4 April 2010 deadline, which could result in loss of the IGP Iceland Water Rights agreement (the prime asset of IGP Iceland).
- g. The Controllers made the following observations that may impact the valuation of IGP Iceland:
 - i. There is no protection of technology on property or process;
 - ii. The project requires at least an additional €16 million and the availability of funding is not evident;

- iii. It will probably take, given the weather and construction problems, a further 1 – 2 years to complete the plant;
 - iv. It would appear reasonably easy for new competitors to enter the market place; and
 - v. There is no historical performance on which to base projections.
- h. Given these factors noted above, a conservative approach would be to value IGP Iceland based on cost, until it has commenced to earn revenues and confidence can be placed on any financial projections.
 - i. In order to realise the potential value of the underlying assets more money will be needed to develop them.
 - j. The underlying assets which represent the Sextant Offshore Funds' major investments are over-valued.
 - k. No information has been provided by Dr. Spork or other directors despite subsequent enquiries through Attorneys acting on behalf of the Controllers. In fact, Dr. Spork and others have indicated that the Controllers are not entitled to information on the IGP Lux and its liquidation as it belongs to IGP Lux.
 - l. It is clear that the directors of the Sextant Offshore Funds are acting as if they still have power over the affairs of the Funds.
 - m. Ultimately, based on the foregoing, the Controllers concluded:
 - a. It seems clear that further information on the Sextant Offshore Funds will only be obtained by a Liquidator with all the sanctions of a Court and enforceable powers to investigate
 - b. The assets of the Sextant Offshore Funds need protection in light of the several actions and assets located abroad.
 - c. It is unlikely that given the problems within the group of companies and the Sextant Offshore Funds that there will be any persons willing to serve as alternative directors.
 - d. There is no confirmation that the investors who have not yet redeemed their investments would be willing to continue under new management.

15. Further, the Controllers were able to determine that 58% or US\$32 million of funds from subscriptions have been paid to related entities of Spork including US\$14.4 million in management and performance fees; and US\$18.2 million in investment and loans to the Luxembourg companies.

16. The Controllers have learned that prior to their appointment, the Sextant Offshore Funds investment, previously held in IGW was converted into a limited partnership, IGW Lux. The Sextant Offshore Funds are limited partners in IGW Lux, with the general partner

being Iceland Global Water 2 S.a.r.l. ('IGW S.a.r.l.'). Together the Sextant Offshore Funds have invested approximately \$3.7 million in IGW Lux. IGW Lux controls IGW Iceland, which has rights to glacier water from the Eyjafjallokull glacier in the Westmann Islands, Iceland. IGW Iceland's sole asset appears to be a completed building which has not yet received the necessary approvals to commence operations. The Controllers' Luxembourg attorneys have advised that control of IGW Lux rests with IGW S.a.r.l. The overall result of the conversion to a limited partnership is that the Controllers are unable to take any steps to gain control of their investment in this entity without incurring significant legal cost.

17. The Controllers have identified that investments into IGP Lux by Sextant Offshore Funds at cost is US\$15.755 million and together, the three Sextant Funds (including the Sextant Canadian Fund) total investment is in excess of US\$21.7 million dollars into IGP Lux. However IGP Lux's investments into IGP Iceland appear to be only US\$9.3 million (subject to exchange rate variations on the various dates of transactions) according to the report provided by the IGP Lux liquidators. The Controllers have yet to find an explanation for this discrepancy.
18. The directors/liquidators of IGP Lux were unwilling to provide the Controllers with any information on the IGP Lux liquidation which was perceived as a lack of recognition or cooperation from the directors of the Sextant Offshore Funds which also severely hampered the ability of the Controllers to secure and safeguard the primary assets of the Sextant Offshore Funds.
19. The Controllers were provided with a copy of a letter from the Icelandic counsel for IGP Iceland to the Honourable Justice Geoffrey B. Morawetz of the Ontario Superior Court of Justice dated 23 June 2009, advising that shareholders in IGP Lux would become shareholders of a corresponding proportion of shares in IGP Iceland as a result of the liquidation of IGP Lux. Subsequently, Icelandic counsel for IGP Iceland informed the Controllers that information concerning the identity of shareholders in IGP Iceland was confidential and that he was unable to assist with the Controllers' further enquiries in this regard. Also, despite repeated requests to the IGP liquidators; Messrs Spork, Bauler and Wikstrom (who are or were also the directors of IGP Lux, the Sextant Offshore Funds and, apart from Mr. Wikstrom, IGP Iceland), for evidence that the Funds' investment in

IGP Lux was being protected and that the assets of IGP Lux, including its investment in IGP Iceland, were going to be distributed to IGP Lux's shareholders, no such evidence was forthcoming.

20. The liquidators of IGP Lux continued frustration of the Controllers attempts to clarify the proposed result of the liquidation of that company is further evidenced by the events noted in paragraphs 21 thru 28 below.
21. The IGP Lux liquidators convened meetings with the shareholders excluding the attendance of the Controllers. This is evidenced by the fact that the second and third meetings were held at a separate location and with a different convening Notary than that detailed in the notice of the meeting and one day earlier than the notice date of 21 July 2009. This being done in spite of the fact that the meetings had to be rescheduled from the 7 July to 21 July 2009 because the initial notice of the meeting had been declared deficient by the convening Notary.
22. As a result of the events, the Controllers' Luxembourg counsel made numerous requests to the IGP Lux liquidators to provide full details of the reports submitted at those meetings and confirmation of the status of the Sextant Offshore Funds' investment in IGP Lux and later made a further request for a copy of the share register to confirm the Sextant Offshore Funds' current, unconditional shareholding. No information was provided.
23. As a result, and after consulting legal counsel in the Cayman Islands and Luxembourg, the Controllers initiated legal action in Luxembourg to have an independent expert appointed to review the liquidation of IGP Lux and confirm the distribution of its assets ("the Luxembourg Proceedings").
24. It was only after commencement of the Luxembourg Proceedings that the Controllers were provided with documents (dated 25 July 2009 and 8 September 2009) that IGP Iceland and the liquidators of IGP Lux contended were excerpts of the shareholder register of IGP Iceland. However, according to the advice of the Controllers' Icelandic counsel, those purported excerpts of the share register were not valid under Icelandic law. Further, the purported share register excerpts appeared to make any transfer of shares in IGP Iceland to

the shareholders in IGP Lux (including the Funds) contingent upon the successful liquidation of IGP Lux and to state that the shares had not in fact been transferred to the shareholders as at the date of the excerpts, even though at the final meeting in the liquidation of IGP Lux on 20 July 2009 it had been resolved that IGP Lux had definitely ceased to exist and that the liquidation was closed.

25. The hearing of the Luxembourg Proceedings was originally scheduled to be held on 10 September, but was adjourned on several occasions upon application by the IGP Lux liquidators stating that they required more time to produce evidence. A hearing ultimately took place on 9 November 2009. The judgment of the Luxembourg Court was provided to the parties on 14 December 2009. The judgment declined to order the appointment of an independent examiner of the liquidation of IGP Lux as sought on the basis that the evidence eventually produced by the Liquidators indicated there was no need for an independent examiner. Nevertheless, the Judge did rule that the Funds were shareholders of IGP Iceland, which achieved the major objective of the action.
26. Neither the Controllers, nor their Luxembourg counsel were satisfied with the decision of the court. Whilst the decision did clarify the Sextant Offshore Funds shareholding in IGP Lux, the Controllers considered there was little commercial benefit in appealing the decision.
27. In light of the outcome of the Luxembourg Proceedings, the Controllers and Receivers directed their attention to IGP Iceland, and in particular to focus on gaining control of that company by using the combined shareholding of the Sextant Offshore Funds and the Sextant Canadian Fund (together totalling 56%). Initially the Receiver and the Controllers requested a copy of the current share register to confirm the current, unconditional shareholding and also asked that an extraordinary meeting of IGP Iceland be convened within 14 days.
28. The IGP Iceland directors sought to defer any meeting of the shareholders whilst Spork was discussing additional financing for IGP Iceland. Hence, the further meeting of shareholders of IGP Iceland was not held until 1 February 2010 at which both the Receiver and one of the Controllers were in attendance. However, Spork and the other

directors did not attend. Various questions posed by the Controller and Receiver to the company's attorney were noted but no response has been received to date despite a request for a response within 14 days and subsequent follow up. Also at that meeting the Controllers and Receiver proposed filling a vacancy in the Board with their Icelandic legal counsel and replacing Mr. Bauler with either IGP Iceland's lawyer, or alternatively the Receiver or one of the Controllers. This was declined by the directors of IGP Iceland on the basis that the agenda did not specifically seek to remove directors and appoint replacements. The Controllers' and Receiver's legal counsel did not agree with this finding and objected. Such objection was overruled.

29. It is also noted that the Annual General Meeting scheduled for 24 March 2010 in which the Controllers and the Receivers were again seeking a change in the composition of the Board of the company was postponed by short notice to the shareholders by Spork and a director, Frank Bauler and subsequently the Authority was questioned as to the mandate of the Controllers and their authority in voting the Sextant Offshore Funds shares.

30. In light of the continued lack of cooperation, and at times, deliberate tactics of delay and obfuscation by the directors of the Sextant Offshore Funds, the liquidators of IGP Lux and the directors of IGP Iceland, the Controllers have;

- a. been unable to gain control of IGP Iceland, the primary assets of the Sextant Offshore Funds, as evidenced by paragraphs 5,16 and 17 above;
- b. been unable to gain control of IGW Lux without incurring significant additional legal costs;
- c. been unable to take any measures to prevent the possible loss of the water rights of IGP Iceland referred to in paragraph 14 (f) above;
- d. engaged in numerous and repeated requests and demands for information which the directors had in their possession and were obligated to provide pursuant to their duties as directors of the Sextant Offshore Funds and Section 30 (3) of the MFL under which the appointment of the Controllers was made and the Order of the Grand Court of 16 June 2009, (Cause No.274 of 2009), but continually and repeatedly refused to do so.

31. The compelling conclusion to be drawn from paragraph 30 above, is that the continued lack of recognition or cooperation from the directors of the Sextant Offshore Funds has severely hampered the ability of the Controllers to exercise their duties to preserve the assets of the Funds and to protect the interests of the investors and other creditors.
32. The Controllers made their further conclusions and recommendations to the Authority, detailed below, in their second report dated 21 July 2009. The Authority concludes that the recommendations have not changed in the intervening period in light of the further evidence detailed herein.
- i. The Sextant Offshore Funds are carrying on, or attempting to carry on their businesses in a manner which is prejudicial to the interest of its creditors and investors; and
 - ii. The Sextant Offshore Funds do not appear to have sufficient cash or realisable securities to meet the redemption requests of Barfield and/or Squirrel. Accordingly, unless the Sextant Offshore Funds can obtain a variation of the Mareva injunction to allow in specie payment of the redemptions, the Sextant Offshore Funds are unlikely to be able to meet their financial obligations as they fall due.
 - iii. In the best interest of the shareholders and creditors, the Sextant Offshore Funds should be placed into provisional liquidation at this stage rather than official liquidation. The provisional liquidation will provide all the powers and protections of an official liquidation but provide an opportunity for the liquidators to explore whether there are investors from the Sextant Offshore Funds who would be willing to provide the additional monies required for the completion of the project that represents the underlying assets and some restructuring of the Sextant group of companies in cooperation with the Receiver appointed by the OSC.
33. Based upon the regulatory concerns highlighted and having given due consideration to the recommendation of the Controllers and the powers conferred by law, on the 8 March 2010 the Executive Committee of the Authority resolved that pursuant to Section 30(11)(b) of the Mutual Funds Law (2009 Revision), the Authority should apply to the Grand Court for an Order that Sextant Strategic Global Water Fund Offshore Ltd. and Sextant Strategic Hybrid Hedge Resource Fund Offshore Ltd. be forthwith wound up by that Court in which case the provisions of the Companies Law (2009 Revision) relating to

the winding up of a company by that Court shall apply. *Copy of Resolution attached in Appendices at Tab 7.*

34. Further and/or alternatively, in all of the circumstances set out above it is just and equitable that the company be wound up.


THE PETITIONER THEREFORE PRAYS THAT:

- (1) The Sextant Strategic Global Water Fund Offshore Ltd be wound up by the Court under the provisions of the section 94(4) of the Companies Law (2009 Revision).
- (2) Messrs Kenneth Krys and Timothy Le Cornu ("the Controllors) of the firm Krys and Associates Cayman Ltd. are appointed as Joint Official Liquidators of the Sextant Offshore Funds with power to act jointly and severally.
- (3) Pursuant to Order 4 Rule 4 of the Cayman Islands Grand Court Rules; "... the references to "the official liquidator" shall read as references to the provisional liquidator."
- (4) The Joint Official Liquidators shall not be required to give security for their appointment.
- (5) The Official Liquidators shall have power:
 - (a) to bring or defend any action, suit, prosecution or other legal proceedings, whether criminal or civil, by way of court process or arbitration, in the name and on behalf of the Company.
 - (b) to take possession of, collect and get in all property or assets (of whatever nature) too which the Company is or appears to be entitled;
 - (c) to do all things as may be necessary and expedient for the protection of the Company's assets;

- (d) to do all things (including the carrying on of the business of the Company) as may be necessary or expedient for the beneficial realisation of the property or assets of the Company (including borrowing money);
- (e) to appoint attorneys, solicitors and other professional qualified persons both in Cayman Islands and elsewhere to assist them in the performance of their duties;
- (f) to appoint agents both in the Cayman Islands and elsewhere to do any business do any business which they are unable to do themselves or which can more conveniently be done by an agent, and to employ and dismiss officers and employees of the Company;
- (g) to exercise any power which is necessary or incidental to the performance of their duties;
- (h) to open and maintain bank accounts in the name of the Company or themselves anywhere in the world as may be necessary for the better performance of their duties;
- (i) to exercise and execute all powers set out in Section 110 of the Companies (Amendment) Law 2007 with sanction or intervention of the Court and unprejudiced by the generality hereof;
- (j) to compromise all calls and liabilities to calls, debts and liabilities capable of resulting in debts, and all claims whether present or future, certain or contingent, ascertained or sounding only in damages, subsisting or supposed to subsist between the Company and any contributory or alleged contributory or other debtor or person apprehending liability to the Company, upon receipt of such sums payable at such times as generally on such terms as may be agreed upon, with power to take securities for the discharge of such debts or liabilities and to give complete discharges in respect of all such calls, debts, or liabilities;

- (k) to do and execute all such other things as may be necessary for the winding up of the affairs of the Company and distributing its assets;
- (6) For avoidance of doubt the powers bestowed on the Official Liquidators may be exercised by them within and outside of the Cayman Islands.
- (7) The official Liquidators are at liberty to and do pay themselves, their agents, employees, attorneys, solicitors and whomsoever else they may employ or instruct, remuneration and costs in priority to all other debts of the Company.
- (8) The Official Liquidators be at liberty to apply for further directions relating to the winding up of the affairs of the Company and the distribution of its assets.
- (9) Such other orders and directions may be made as the Court thinks fit.

Dated this 1st day of June 2010



Gail Johnson-Goring
Legal Counsel, Cayman Islands Monetary Authority
Attorney-at-Law for the Petitioner

Note: It is intended to serve this Petition on:

- (i) the directors c/o their Attorneys-at-Law; Walkers located at Walker House, 87 Mary Street, George Town, Grand Cayman, KY1-9001 Cayman Islands
 - (ii) the investment manager: Sextant Capital Management a Islandi ehf (Sextant Iceland)
 - (iii) the administrator: Harbour Financial Services Limited, Bermuda
 - (iv) the NAV Calculation agent: Investment Administration Solution Inc.
- (together the "Defendants" of Sextant Strategic Global Water Fund Offshore Ltd. and Sextant Strategic Hybrid2Hedge Resources Fund Offshore Ltd.)

NOTICE OF HEARING

TAKE NOTICE THAT the hearing of this petition will take place at the Law Courts, George Town, Grand Cayman on 25th day of June 2010 at 2 pm.

This Amended Petition is filed by the Cayman Islands Monetary Authority whose address for service is 80c Shedden Road, Elizabethan Square, P.O. Box 10052, Grand Cayman KY1-1001, Cayman Islands.