

IN THE GRAND COURT OF THE CAYMAN ISLANDS
FINANCIAL SERVICES DIVISION



CAUSE NO: FSD 138 OF 2019 ()

IN THE MATTER OF THE COMPANIES LAW (2018 REVISION)

AND IN THE MATTER OF FRONTERA RESOURCES CAUCASUS CORPORATION



PETITION FOR SUPERVISION ORDER



To the Grand Court

The humble petition of David Griffin and Andrew Morrison of FTI Consulting, Suite 3212, 53 Market Street, Camana Bay, Grand Cayman, PO Box 30613, KY1-1203, Cayman Islands (together, the “JVLs”) shows that:

1. Frontera Resources Caucasus Corporation (the “**Company**”) was incorporated on 29 February 2000 with registration number 97554 as an exempted limited company under the laws of the Cayman Islands. The Company’s registered office is Maples Corporate Services Limited P.O. Box 309, Uglund House, South Church Street, George Town, Grand Cayman KY1-1104, Cayman Islands.
2. The JVLs were appointed as joint voluntary liquidators of the Company by written resolution of the sole shareholder of the Company dated 1 May 2019.
3. Steve C Nicandros and Zaza Mamulaishvili, the directors of the Company (“**Directors**”), signed a Declaration of Solvency on 29 May 2019, declaring that they have made a full inquiry into the affairs of the Company and that, having done so, they believe that the Company will be able to pay its debts in full, together with interest at the prescribed rate

within a period of twelve months from the commencement of the winding up ("**Declaration of Solvency**").

4. Although the JVLs have received the Declaration of Solvency, the Directors have failed to provide the JVLs with financial information from the Company to allow the JVLs to come to their own view on the solvency of the Company. Accordingly, the JVLs are not in a position to take a view on the solvency of the Company.
5. The JVLs present this petition for a supervision order under section 131 of the Companies Law (2018 Revision) ("**Law**") on the ground that the supervision of the Court will facilitate a more effective, economic or expeditious liquidation of the Company in the interests of the contributories and creditors.
6. The JVLs consider that a supervision order would facilitate a more effective, economic and expeditious liquidation of Company in the interests of the contributories and creditors due to:
 - a. the Directors' failure to provide the JVLs with adequate information about the Company's financial position and its affairs generally;
 - b. the need to carry out a comprehensive investigation into the Company's affairs, in particular in relation to a transaction affecting the value of the Company's only asset; and
 - c. the additional powers which would be available to the JVLs, if they were appointed as Joint Official Liquidators of the Company ("**JOLs**"), including:
 - i. applying for orders under section 103(3) of the Law requiring the Directors and/or any other relevant person, as defined in section 103(1) of the Companies Law ("**Relevant Person**") swear an affidavit in answer to written interrogatories and/or attend for oral examination by the JOLs;

- ii. applying for orders under section 138(1) of the Law requiring the Directors and/or any other person to deliver property or documents to which the Company appears to be entitled to the JOLs;
- iii. applying for recognition of a foreign proceeding under Chapter 15 of the US Bankruptcy Code as a precursor to obtaining assistance from the US Bankruptcy Court in relation to obtaining Company documents held by the Directors in the US.

7. The JVLs are qualified insolvency practitioners and consent to be appointed as JOLs.

YOUR PETITIONERS THEREFORE HUMBL Y PRAY THAT:

- (1) The liquidation of the Company be continued under the supervision of the Court.
- (2) David Griffin and Andrew Morrison of FTI Consulting, Suite 3212, 53 Market Street, Camana Bay, Grand Cayman, PO Box 30613, KY1-1203, Cayman Islands be appointed as JOLs with the power to act jointly and severally.
- (3) The JOLs shall not be required to give security for their appointment.
- (4) The JOLs shall have the power to act jointly and severally in their capacity as liquidators of the Company.
- (5) The JOLs be authorized to take any such action as may be necessary or desirable to obtain recognition of the JOLs and/or their appointment in any other relevant jurisdiction and to make applications to the courts of such jurisdictions for that purpose.
- (6) In addition to the powers set out in Part II of the Third Schedule to the Companies Law, the JOLs be authorized to exercise all of the powers set out in paragraphs 1, 2, 4, 7, 8, 10 and 11 of Part I of the Third Schedule to the Companies Law and section 110(2) thereof, without further sanction of this Honourable Court.

- (7) The JOLs be authorized to do any acts or things considered by them to be necessary or desirable in connection with the liquidation of the Company and the winding up of its affairs in the Cayman Islands and/or elsewhere.
- (8) Without prejudice to the generality of the foregoing, the JOLs be authorized and be granted leave to take all such actions as may be necessary to:
- (a) Exercise the rights to which a registered holder of any shares or other securities registered in the name of the Company, or to which an owner of any shares or securities held by or on behalf of the Company (whether as principal or as agent), is entitled including, but without prejudice to the generality of the foregoing power, the right to receive dividends and the benefits of other corporate actions in relation to such shares or other securities; the right to attend meetings and to exercise any voting power pertaining to such shares or other securities and to direct nominees of the Company in whose names shares or other securities beneficially owned by the Company are registered to exercise all or any such rights as the JOLs shall direct;
 - (b) take control of such of the direct and/or indirect subsidiaries ("**Subsidiaries**") of the Company, and/or joint ventures, investment, associated companies, business or other entities (together, the "**Associated Companies**") in which the Company holds an interest (or such shares of such Subsidiaries and/or Associated Companies as are owned directly or indirectly by the Company), in each case wherever located (together, the "**Group**"), as the JOLs shall think fit; and/or to call or cause to be called such meetings of such Subsidiaries and/or Associated Companies and/or to sign such resolutions (in accordance with the provisions of any relevant constitutional or related documentation of such companies) and take such other steps, including applications to appropriate courts and/or regulators, as the JOLs shall consider necessary to appoint or remove directors, legal representatives, officers, and/or managers to or from such Subsidiaries and/or

Associated Companies, and in each case take such steps as are necessary to cause the registered agents (or other equivalent corporate administrators) of such Subsidiaries or Associated Companies to give effect to the changes to the boards of directors, legal representatives, officers, and/or managers of such companies or entities, including (without limitation) effecting changes to the company registers of such Subsidiaries or Associated Companies as may be deemed appropriate by the JOLs; and/or to take such other action in relation to all such Subsidiaries or Associated Companies as the JOLs shall think fit for the purpose of protecting the assets of the Company and managing the affairs of the Company (which, for the avoidance of doubt, shall include the assets and affairs of the Subsidiaries and Associated Companies);

- (c) liaise with management of the Group to stabilise and preserve value of the Company and the Group;
 - (d) liaise with management of the Group to stabilise and preserve value in the onshore business of the Company and the Group;
 - (e) take steps to locate, demand and secure cash held by all Group companies in bank accounts in the US, or elsewhere;
 - (f) communicate on the Company's behalf with the regulators as appropriate; and
 - (g) make applications to, and seek the assistance and recognition from, the courts of any foreign jurisdictions as may be necessary in the course of their conduct as JOLs of the Company or for the purposes of carrying out any of the functions provided for herein.
- (9) The JOLs be at liberty to appoint such counsel, attorneys, professional advisors, whether in the Cayman Islands or elsewhere, as they may consider necessary to advise

and assist them in the performance of their duties in accordance with Order 25 of the Companies Winding Up Rules, 2018.

- (10) No disposition of the property of the Company by or with the authority of the JOLs in carrying out their duties and functions and the exercise of their power under any Order granted pursuant to this Petition shall be voided by virtue of section 99 of the Companies Law.
- (11) No suit, action or other proceeding may be proceeded with or commenced against the Company except with the leave of the Court and subject to such terms as the Court may impose.
- (12) The JOLs shall be entitled to receive remuneration for their services by reference to the time properly given by them and their staff in attending to matters arising in the winding up and the hourly rates and the amount of remuneration shall be determined in accordance with the Insolvency Practitioners' Regulations, 2018.
- (13) The JOLs be at liberty to pay themselves (up to 80% of the JOLs' remuneration pending approval by the Court), their agents, employees, attorneys, solicitors and whomsoever else they may employ or instruct, remuneration and costs, and for the avoidance of doubt, all such payments shall be made as and when they fall due out of the assets of the Company as expenses of the liquidation.
- (14) The JOLs be at liberty to meet all disbursements reasonably incurred in connection with the performance of their duties and, for the avoidance of doubt, all such payments shall be made as and when they fall due out of the assets of the Company as an expense of the liquidation.
- (15) The JOLs be at liberty to apply generally.

- (16) The JVLs' costs of and incidental to the Petition be paid forthwith out of the assets of the Company as an expense of the liquidation, such costs to be taxed on an indemnity basis if not agreed with the JOLs.
- (17) Such further or other relief be granted as the Court deems appropriate (including the relief sought above).

AND the JVLs ever pray etc.

DATED this 19th day of July 2019



Conyers, Dill & Pearman

Attorneys at Law for the JVLs

NOTE: This petition is intended to be served on the Company.

This Petition was presented by Conyers, Dill & Pearman, Six, Cricket Square, George Town, Grand Cayman attorneys acting on behalf of the JVLs.