

IMPORTANT

Directions for Acknowledgement of Service are given with the accompanying form.

STATEMENT OF CLAIM

The Plaintiff acts as bond trustee on behalf of the holders of certain bonds (the **Bondholders**) with an aggregate principal face value of US\$88,000,000 issued by Green Dragon Gas Ltd (now known as G3 Exploration Ltd) (the **Issuer**, and together with its subsidiaries, the **Group**) pursuant to a Norwegian law governed bond agreement originally dated 19 November 2014 (as amended from time to time, most recently on 31 May 2017) and entered into between both the Plaintiff (as bond trustee) and the Issuer (as issuer) (the **Bond Agreement** and the bonds issued thereunder, being referred to herein as the **Bonds**).

The Group specialises in exploration and development of coal bed methane gas in China. The Issuer is the holding company of the Group, and is the ultimate parent of the Defendant.

The Issuer's obligations in respect of the Bonds are guaranteed by, amongst others, the Defendant pursuant to a guarantee entered into by the Defendant in favour of the Plaintiff on 19 November 2014 (the **Guarantee**). On 16 March 2018, additional guarantees in respect of the Bonds were granted in favour of the Plaintiff by certain other Group companies.

The Bonds matured on 20 November 2017 (the **Maturity Date**).

Clause 10.1 of the Bond Agreement provides that the Bonds were to be repaid by the Issuer at 102% of par upon the Maturity Date, together with all accrued and unpaid interest.

The Bonds were not repaid by the Issuer, the Defendant or any other entity within the Group on the Maturity Date and remain unpaid as of the date hereof.

Clause 11.1 of the Bond Agreement states that the Issuer "*...will on any Payment Date (or any other due date pursuant to any Finance Document) unconditionally pay to or to the order of the [Plaintiff] all amounts due under this Bond Agreement or any other Finance Document.*"

Clause 2.1(a) of the Guarantee provides that, *inter alia*, the Defendant, "*...irrevocably and unconditionally guarantees, to the [Plaintiff] (on behalf of itself and the Bondholders) as an independent primary obligor ... and not merely as surety, on first demand, the due and punctual performance, observance and compliance by the Obligor of all their obligations under the Bond Agreement and the other Finance Documents ...*".

Clause 2.1(b) of the Guarantee further provides that, *inter alia*, the Defendant "*...irrevocably and unconditionally undertakes with the [Plaintiff] (on behalf of itself and the Bondholders) that whenever an Obligor does not pay any amount when due or declared due under or in connection with the Bond Agreement or any other Finance Document, that Guarantor shall immediately on first demand by the [Plaintiff] pay that amount as if it was the principal obligor...*".

Pursuant to clause 11 of the Guarantee, the Plaintiff is not obliged to: (i) make any claim or obtain judgment against the Issuer or any other Obligor or third party in any court or other tribunal; (ii) make or file any claim in the bankruptcy or liquidation of the Issuer or any other Obligor or third

party; or (iii) take any other action whatsoever against the Issuer, any other Obligor or third party under the Bond Agreement or any of the Finance Documents, before enforcing the Defendant's obligations under the Guarantee, except for the giving of notice of any payment due under the Guarantee.

Payment Demands

On 9 September 2019, the Plaintiff, as instructed by the majority Bondholder (pursuant to the Bond Agreement), delivered a letter to the directors of the Issuer:

1. formally declaring the Bonds to be in default pursuant to clause 15.1.1 of the Bond Agreement as a result of the Issuer's failure to fulfil its payment obligations under the Bond Agreement when due (the **Non-Payment Default**); and
2. demanding immediate payment by the Issuer to the Plaintiff of amounts outstanding under the Bond Agreement, being at that time an amount of US\$122,287,273.52 (the **September 2019 Payment Demand**).

No payment was made by the Issuer or any other Group entity in respect of the September 2019 Payment Demand.

On 21 October 2019, the Plaintiff, as instructed by the majority Bondholder (pursuant to the Bond Agreement), delivered a further letter to the directors of the Issuer:

1. once again, formally declaring the Bonds to be in default pursuant to clause 15.1.1 of the Bond Agreement as a result of the Non-Payment Default; and
2. demanding immediate payment by the Issuer to the Plaintiff of amounts outstanding under the Bond Agreement, being at that time an amount of US\$124,334,330.31 (the **October 2019 Payment Demand**).

No payment was made by the Issuer or any other Group entity in respect of the October 2019 Payment Demand.

On 3 November 2020, the Plaintiff wrote to the Defendant to demand payment by the Defendant to the Plaintiff, pursuant to the Defendant's obligations pursuant to the Guarantee, of amounts outstanding under the Bond Agreement in the enforcement of its rights pursuant to the Bond Agreement which are payable by the Issuer pursuant to clause 14.1 of the Bond Agreement and by the Defendant pursuant to clause 2 of the Guarantee being at that time a total amount of US\$144,359,754.75 (the **Guarantee Demand**).

No payment was made by the Defendant in respect of the Guarantee Demand.

To date, no amount has been paid by the Issuer, the Defendant or any other member of the Group, to the Plaintiff in respect of the amounts outstanding under the Bond Agreement.

Interest

Clause 11.5.1 of the Bond Agreement provides that any unpaid amounts due under the Bond Agreement shall bear interest from the due date (in this case, being the Maturity Date) at an interest rate of 15% per annum.

The total amount of interest owing to the Plaintiff (on behalf of the Bondholders) under the Bond Agreement as at the date of this writ and statement of claim is US\$54,712,403.80.

AND THE PLAINTIFF claims:

1. the total amount of US\$144,472,403.80 as amounts due under the Bond Agreement and the Guarantee, more particularly consisting of:
 - 1.1 US\$88,000,000 of principal;
 - 1.2 US\$1,760,000 of premium; and
 - 1.3 US\$54,712,403.80 of interest.

If, within the time for returning the Acknowledgment of Service, the Defendant pays the total amount claimed of US\$144,472,403.80 (including interest) further proceedings will be stayed. The money must be paid to the Plaintiff or his Attorney.



APPLEBY (CAYMAN) LTD.

THIS WRIT was issued by Appleby (Cayman) Ltd., of 71 Fort Street, PO Box 190, Grand Cayman KY1-1104, Cayman Islands (Ref. 403897.0021), Attorneys-at-Law for the Plaintiff whose address is that of their Attorneys.

NO. 8

Acknowledgment of Service of Writ of Summons (O.12, R.3)

**DIRECTIONS FOR ACKNOWLEDGMENT OF SERVICE
OF WRIT OF SUMMONS**

1. The accompanying form of Acknowledgment of Service should be completed by an Attorney acting on behalf of the Defendant or by the Defendant if acting in person.

After completion it must be delivered or sent by post to the Law Courts, P.O. Box 495G, George Town, Grand Cayman.

2. A Defendant who states in his Acknowledgment of Service that he intends to contest the proceedings must also serve a defence on the Attorney for the Plaintiff (or on the Plaintiff if acting in person).

If a Statement of Claim is indorsed on the Writ (i.e. the words "Statement of Claim" appear on the top of page 2), the Defence must be served within 14 days after the time for acknowledging service of the Writ, unless in the meantime a summons for judgment is served on the Defendant.

If the Statement of Claim is not indorsed on the Writ, the Defence need not be served until 14 days after a Statement of Claim has been served on the Defendant.

If the Defendant fails to serve his defence within the appropriate time, the Plaintiff may enter judgment against him without further notice.

3. A Stay of Execution against the Defendant's goods may be applied for where the Defendant is unable to pay the money for which any judgment is entered. If A Defendant to an action for a debt or liquidated demand (i.e. a fixed sum) who does not intend to contest the proceedings states, in answer to Question 3 in the Acknowledgment of Service, that he intends to apply for a stay, execution will be stayed for 14 days after his Acknowledgment, but he must, within that time, issue a Summons for a stay of execution, supported by an affidavit of his means. The affidavit should state any offer which the Defendant desires to make for payment of the money by instalments or otherwise.

See over for Notes for Guidance

Please complete overleaf

Notes for Guidance

1. Each Defendant (if there are more than one) is required to complete an Acknowledgement of Service and return it to the Courts Office.
2. For the purpose of calculating the period of 14 days for acknowledging service, a writ served on the Defendant personally is treated as having been served on the day it was delivered to him.
3. Where the Defendant is sued in a name different from his own, the form must be completed by him with the addition in paragraph 1 of the words "sued as (the name stated on the Writ of Summons)".
4. Where the Defendant is a FIRM and an attorney is not instructed, the form must be completed by a PARTNER by name, with the addition in paragraph 1 of the description "Partner in the firm of (.....)" after his name.
5. Where the Defendant is sued as an individual TRADING IN A NAME OTHER THAN HIS OWN, the form must be completed by him with the addition in paragraph 1 of the description "trading as (.....)" after his name.
6. Where the Defendant is a LIMITED COMPANY the form must be completed by an Attorney or by someone authorised to act on behalf of the Company, but the Company can take no further step in the proceedings without an Attorney acting on its behalf.
7. Where the Defendant is a MINOR or a MENTAL PATIENT, the form must be completed by an Attorney acting for a guardian ad litem.
8. A Defendant acting in person may obtain help in completing the form at the Courts Office.

3. If the claim against the Defendant is for a debt or liquidated demand, AND he does not intend to contest the proceedings, state if the Defendant intends to apply for a stay of execution against any judgment entered by the Plaintiff (tick box).

YES

NO

Service of the Writ is acknowledged accordingly

(Signed) _____

Attorney for

Please complete overleaf

