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RCF VII Sponsor LLC and Another v Blue Gold Ltd [2025] CIGC (FSD) 94

SEPTEMBER 2025

Court: Grand Court of the Cayman Islands
Subject: Injunction to restrain extraordinary general meeting, whether to excuse party from requirement to provide a cross-undertaking as to damages
Judge: Asif J

Summary

The Grand Court granted an ex parte injunction restraining Blue Gold Limited from proceeding with an EGM intended to cause the passing of a resolution which would have the effect of determining that the Plaintiffs' shares were to be treated as restricted from trading.

Somewhat unusually, the second Plaintiff was not required to provide a cross-undertaking.

This decision highlights the Court's readiness to act quickly to safeguard shareholder rights where there is a risk of irreversible harm from Board action.

Further details

The plaintiffs argued that the proposed resolution would unlawfully override shareholder rights under the defendant's Articles, breach directors' duties, and contravene assurances given during the SPAC business combination that their shares would remain freely tradable.

In granting the injunction, Asif J identified four serious issues to be tried:

1. whether the proposed resolution would unlawfully override shareholder rights under the defendant's Articles;
2. whether the EGM was called for an improper purpose;
3. whether contractual or estoppel-based assurances protected the shares from restriction; and
4. whether the Board's actions attempted to pre-determine matters already before the Court.

The Court concluded that damages would be difficult to quantify, and the balance of convenience strongly favoured maintaining the status quo until the issues could be determined.

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Asif J also notably excused the second plaintiff, S&R Capital, from giving a cross-undertaking as to damages, as is commonly required with injunctions. Two reasons were given. First, RCF's (the First Plaintiff's) willingness to provide a full cross undertaking covering any potential damages, and second, the low likelihood that the defendant would suffer any loss as a result of the injunction. The Court noted the issue would be reconsidered at the return date once fuller evidence and submissions were available.

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