Dated: November 20, 2025

RE: Formal Objection to Proposed Restructuring Terms - Argo Blockchain plc

Senior Debtholder Submission for Shareholder Meeting and Court Proceedings - December 2, 2025 and Dec 8, 2025

TO: Jon Yorke AB Advocate - Restructuring Committee, Argo Blockchain plc Debtholders, Argo Blockchain plc Management, Growler Management, UK Court
FROM: Cobalt Trading, LLC, Senior Debtholder
DATE: November 20, 2025
RE: Objection to Proposed Restructuring - Inadequate Recovery for Senior Creditors

I. INTRODUCTION

C2 Capital Management, Manager of Cobalt Trading, LLC submits this formal objection to the proposed restructuring plan for Argo Blockchain plc. As a senior debtholder, we cannot support a restructuring that provides senior unsecured noteholders with only 10% equity while existing shareholders—who should be subordinated to all creditor claims—retain 2.5% of the reorganized entity.

This allocation is manifestly unfair and inconsistent with established restructuring

II. INEQUITABLE ALLOCATION VIOLATES FAIRNESS PRINCIPLES

A. Senior Noteholders Receiving Less Than 7 Cents on the Dollar Recovery

Senior unsecured noteholders are being offered:

- **10% equity** in the reorganized entity
- **Complete write-off** of accrued interest

- **Substantial principal impairment** representing recovery of less than 7 cents per dollar of claims

This recovery is wholly inadequate given our senior position in the capital structure.

B. Inappropriate Equity Retention by Existing Shareholders

The proposal allocates **2.5% direct equity** to existing shareholders who rank below all creditor claims. Even under UK restructuring law, which does not mandate absolute priority, courts have repeatedly emphasized that **equity retention when senior creditors are materially impaired requires compelling commercial justification.**

The UK Court of Appeal in *Adler* made clear that courts must assess whether "a fairer or better plan is available" and that differential treatment between in-the-money and out-of-the-money stakeholders requires sound commercial rationale. Here, no such rationale has been provided.

C. Comparison to Market-Standard Restructurings

Recent restructuring precedents demonstrate that when senior creditors receive less than 7 cents on the dollar, equity holders are typically **completely wiped out**, not gifted direct equity participation:

Core Scientific (2024 Chapter 11 Emergence)

- **Pre-restructuring:** Bitcoin mining company filed for Chapter 11 in December 2022
- **Debt Treatment:** $400 million debt reduction through debt-to-equity conversion. **Creditors and debtholders received 100% recovery**.
- **Equity Treatment:** Existing shareholders received ~60% of the reorganized company through stock PLUS warrants.
- **Critical Structure:** Equity received meaningful recoveries in the form of reorganized common stock and warrants exercisable for significant portions of the common stock upon obtaining certain valuation thresholds. Equity's value was split between direct stock and performance-based warrants with valuation thresholds.

Cineworld (2023 Chapter 11 Emergence):

- **Senior lenders:** Received 100% of new equity through debt-for-equity swap
- **Existing shareholders:** Completely wiped out (0% recovery)
- **Outcome:** $4.53 billion debt eliminated; $800M new equity raised; existing equity eliminated
- **Context:** Despite seeking additional restructuring one year later, original equity holders received nothing

Hertz (2021 Chapter 11 Exit):

- **Corporate debt:** Reduced by ~$5 billion

- **Creditors:** Paid in cash, in full
- **Original shareholders:** Received cash, stock and warrants valued at $7-8 per share ONLY because creditors were paid in full
- **Key distinction:** Equity only received value after full creditor satisfaction—the opposite of Argo's proposal

General Motors (2009):

- **Bondholders:** Took substantial haircuts to enable restructuring
- **Old equity:** Completely eliminated
- **New equity:** Distributed to creditors who absorbed losses
- **Context:** Major debt restructuring to emerge as viable entity required equity wipeout

Standard Market Practice: When senior debt holders receive less than 10 cents on the dollar, equity holders receive **zero direct equity**. If equity receives any consideration, it should be structured as:

- **Out-of-the-money warrants** with strike prices reflecting enterprise value growth
- **Contingent value rights** dependent on future performance milestones
- **Option-based instruments** that preserve upside without violating priority

The current Argo proposal inverses this standard practice without justification.

III. UK RESTRUCTURING PLAN REQUIREMENTS NOT SATISFIED

While UK restructuring plans do not mandate absolute priority, the courts have established clear fairness requirements:

A. Vertical Fairness Analysis

Courts assess "vertical fairness"—the treatment of dissenting classes compared to equity. The leading case of *Virgin Active* permitted equity retention but only where landlords would receive 120% of their estimated insolvency return. In *Adler*, the Court of Appeal overturned a plan that treated pari passu noteholders differently without proper justification.

In this case:

- Senior noteholders receiving 10% equity on claims represents a recovery well below insolvency returns
- Equity holders retaining 2.5% direct ownership while senior creditors absorb massive losses
- **No commercial justification** has been articulated for this differential treatment

B. Restructuring Surplus Allocation

UK courts examine how the "restructuring surplus"—the value created by avoiding insolvency—is allocated among stakeholders. The court may ask whether any party is getting "too good a deal."

Here, existing equity appears to receive disproportionate value from the restructuring surplus without:

- Contributing new money
- Providing essential operational expertise
- Offering other value that justifies their participation ahead of impaired senior creditors

IV. PROPOSED ALLOCATION FAILS MARKET STANDARDS

Standard debt-for-equity restructurings when senior creditors receive <10% recovery:

Restructuring	Senior Debt Recovery	Old Equity Allocation	Notes
Core Scientific 2023-24	**100% - Paid in full**	**~60% (stock + warrants with valuation thresholds)**	**$400M debt eliminated; equity received value ONLY because creditors paid in full; significant portion via performance warrants**
Cineworld 2023	Debt-for-equity swap (100% new equity)	0% - Completely wiped out	$4.53B debt eliminated
Hertz 2021	Paid in full	Received value only after full creditor payment	$5B corporate debt reduction
General Motors 2009	Substantial haircuts	0% - Eliminated	Bondholders took losses; equity wiped
Market Standard	**When <10 cents/dollar**	**0% direct equity OR warrants only**	**Equity subordinated to all debt**
Argo Proposal	**10% (~7 cents/dollar)**	**2.5% direct equity**	**Violates market norms - equity gets direct ownership while senior creditors severely impaired**

The Argo proposal is an outlier that provides equity holders with direct participation despite severe senior creditor impairment.

V. RELIEF REQUESTED

We respectfully request that the Court:

1. **Deny approval** of the current restructuring proposal as inequitable to senior creditors.

2. **Require material modifications** to the allocation structure:
   - **Increased equity participation** for senior unsecured noteholders commensurate with market standards (materially above 10%)
   - **Elimination of existing equity direct participation**, or alternatively, restructure as **out-of-the-money warrants** with appropriate strike prices that respect creditor priority

VI. ALTERNATIVE PROPOSAL - PATH FORWARD

We propose the following revised allocation structure consistent with market precedent:

For Senior Unsecured Noteholders:

- Minimum **12.5% of new equity** in reorganized entity (reflecting impairment but respecting priority)
- Potential for additional consideration based on verified enterprise value

For Existing Equity:

- **Out-of-the-money warrants** representing 1-2% of fully-diluted equity
- Strike price set at 4x enterprise value at emergence
- 3-year exercise period
- This structure preserves option value for equity while respecting priority and market norms

This approach:

- Respects creditor priority even under UK's flexible framework
- Aligns with market precedent for restructurings with <10% senior creditor recovery
- Provides equity with appropriate option value without compromising senior creditors

VII. CONCLUSION

The proposed restructuring fails to meet basic standards of fairness and transparency. When senior creditors receive less than 7 cents on the dollar, market practice and fundamental fairness principles dictate that equity holders should receive no direct participation—or at most, out-of-the-money warrants.

Recent precedents uniformly demonstrate: When senior creditors are severely impaired (sub-10% recovery), existing equity is wiped out. The Argo proposal's allocation of 2.5% direct equity to shareholders while senior noteholders receive 10% is contrary to established restructuring principles and market practice.

We cannot support—and respectfully urge the Court to reject—a restructuring proposal that:

- Provides equity holders with direct participation ahead of severely impaired senior creditors
- Offers no commercial justification for departing from market-standard allocations
- Ignores repeated creditor requests for basic information

We reserve all rights to pursue additional remedies available to us as senior creditors and remain prepared to engage constructively on a restructuring proposal that provides appropriate transparency, respects creditor priority, and follows market precedent.

Respectfully submitted,

Christian Randle

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Dated: November 20, 2025