Neutral Citation Number: [2026] EWHC 2287 (Ch)

Claim No. CR-2022-002121

IN THE HIGH COURT OF JUSTICE
BUSINESS AND PROPERTY COURTS OF ENGLAND AND WALES
INSOLVENCY AND COMPANIES LIST (ChD)

Royal Courts of Justice
The Rolls Building
Fetter Lane
London
EC4A 1NL

Date: 4 September 2026

Before :

HHJ JOHNS KC
Sitting as a Judge of the High Court

- -

Between :

(1) DENALI CORP – FZCO (incorporated in Dubai)

Applicant

- and -

(1) ALLISTER MANSON
(2) JOANNE ROLLS
(3) TREVOR BINYON
(as joint liquidators of Petropavlovsk Plc (in Creditor's Voluntary Liquidation))

Respondents

- -

MR ADAM AL-ATTAR KC, MR ALI AL-KARIM, AND MS CHARLOTTE WARD (instructed by **Enyo Law LLP**) for the **Applicant**
MR PETER ARDEN KC, MR JIM STURMAN KC, AND MR ALEX DAVIDSON (instructed by **Joseph Hage Aaronson & Bremen LLP**) for the **Respondents**

- -

Hearing date: 18 June 2026
Written submissions: 25 June 2026

APPROVED JUDGMENT

This judgment is handed down by email to the parties' representatives and release to The National Archives at 10.30 am on Friday 4 September 2026

HHJ JOHNS KC:

Introduction

1. By an assignment agreement dated 16 April 2025 (**the Assignment Agreement**) a Russian company, Atlas JSC (**Atlas**), assigned to the Applicant, Denali Corp-FZCO (**Denali**), a Dubai company, certain rights as against Petropavlovsk plc (**Petro**), a company in England and Wales which was by then in creditors' voluntary liquidation. The assignment requires the consent of Petro acting by its liquidators, the Respondents (**the Liquidators**). In circumstances where Atlas has since 17 June 2025 been a designated person for the purposes of the sanctions legislation contained in the Sanctions and Anti-Money Laundering Act 2018 (**SAMLA**) and the regulations made thereunder, being the Russia (Sanctions) (EU Exit) Regulations 2019 (**the Regulations**), the Liquidators have not yet given consent for fear of the possibility that their consent to the assignment would offend the sanctions legislation.

2. By an application notice dated 9 February 2026 Denali applies under s.112 of the Insolvency Act 1986 for, among other things, a direction that the Liquidators now give their consent to the assignment. Denali is not a designated person and the Liquidators have made clear that they would give consent if it is determined that such consent does not involve any breach of the Regulations. That part of the application was ultimately listed for hearing before me on 18 June, when I had extremely valuable assistance from teams of counsel for both Denali and the Liquidators. I thank them for that help.

3. The overall question for me is this: Would the giving of consent to the assignment offend the sanctions legislation? It is best answered by first examining what it is that is being assigned under the Assignment Agreement, and then asking whether those rights represent an "economic resource" within the meaning of the sanctions legislation, or a

"fund". The application of the Regulations to the giving of consent depends to a large degree on those two points.

4. Before addressing those two key stages of the inquiry, I should outline the factual background to the overall question and refer to the legal framework for it.

Factual background

5. Petro is a company which was concerned in gold mining in Russia. It was the borrower under a term loan facility from JSC Gazprombank in the sum of US$200m (**the Term Loan**). On 19 April 2022 the benefit of the Term Loan was assigned to Atlas (then known as JSC UMMC-Invest).

6. By an order of this court on 18 July 2022, Petro entered administration and the now Liquidators were appointed as administrators. Atlas entered a proof of debt in the sum of US$200m plus interest in respect of the Term Loan.

7. On 1 August 2022, with the permission of this court (*Re Petropavlovsk* [2022] EWHC 2097 (Ch)), Petro and Atlas entered into a share sale deed (**the Share Sale Deed**) for the sale of Petro's assets to Atlas for a total consideration of US$619m made up of a number of elements. Those included cash consideration of US$380m. For the purposes of this application, further elements of the consideration labelled the "Term Loan Consideration", the "Administration Fund" and the "Contingency Fund" are of particular importance.

8. The Term Loan Consideration is "an amount equal to any and all outstanding amounts payable in respect of the Term Loan from time to time …". By clause 3.4 of the Share Sale Deed, "The Term Loan Consideration shall become payable and shall be dealt with as set out in clause 10."

9. Clause 10.1 is in these terms:

"Once the Seller has discharged or reserved for, in full, the claims, rights and entitlements of all other creditors of the Seller (including statutory interest) and any costs and expenses (including administrators' and/or liquidators' remuneration) of the administration or any subsequent liquidation of the Seller, the Seller shall repay the Term Loan in the amount of value of all the Seller's then available assets including but not limited to the amounts of cash on all of the Seller's bank accounts, but not including (i) any cash retained in respect of liabilities reserved for as aforesaid, and (ii) any portion of the Administration Fund or the Contingency Fund then retained by the Seller or the Administrators in accordance with clauses 12 or 13 hereof as they *(sic)* case may be. For the avoidance of doubt, such repayment shall not affect the Buyer's right to set-off the Term loan in accordance with clause 10.2 or cause any obligations of the Buyer to make any kind of cash payments to the Seller."

10. Clause 10.2 provides for an automatic set-off of further sums outstanding under the Term Loan against the Term Loan Consideration. Accordingly, by this mechanism, the cost of the transaction to Atlas, at least so far as the Term Loan Consideration is concerned, is limited to the amount by which the Term Loan goes unpaid after a sum representing the surplus under clause 10.1 has been applied to it.

11. The Administration Fund is described in the Share Sale Deed as "a payment of USD 20,000,000 which is non-refundable save as specified in clause 12.1". Under clause 12.1:

"12.1 The Administration Fund shall be applied by the Seller (i) first, for the administrators' remuneration and expenses of the administration, (ii) secondly, for the purpose of meeting the Seller's liabilities (including, but not limited to, any intercompany liabilities, tax claims, environmental and health & safety liabilities) if the Cash

Consideration is insufficient to pay such liabilities in full (with statutory interest thereon, if applicable), and (iii) thirdly, in relation to any residual amount after all liabilities of the Seller have been *(sic)* in full (with statutory interest), by way of refund to the Buyer of that portion of the Administration Fund."

12. Thus, there is the possibility of a surplus from the Administration Fund coming back to Atlas. The same is true in respect of the Contingency Fund. That is defined in the Share Sale Deed as "a non-refundable payment of USD 6,000,000". Its use is governed by clause 13.1:

"13.1 The Contingency Fund shall be held on trust by the Administrators (i) firstly for the purpose of meeting any costs, fees (including but not limited to the reasonable and proper remuneration of the Administrators), expenses and liabilities incurred in connection with the defence of any claims brought or threatened against the Seller (including by way of indemnity in respect of any claim brought against the directors of the Seller) or the Administrators in connection with this deed or any of the transactions contemplated by it, including any such costs, fees, expenses and liabilities incurred after the Administrators have vacated office or in their capacity as subsequent liquidators of the Seller; and (ii) secondly, if no such claims have been brought or threatened or are continuing at the earlier of (aa) 6 years after the date of this deed, or (bb) the date on which any liquidator of the Seller sends the Registrar of Companies a final account under sections 94 or 106 of the Insolvency Act 1986 or any administrator of the Seller sends the Registrar of Companies notice pursuant to paragraph 84 of Schedule B1 of the Insolvency Act 1986 (Moving *(sic)* from administration to dissolution), any residual amount for the benefit of the Buyer."

13. Clause 20 of the Share Sale Deed provides that Atlas may assign its rights under the Share Sale Deed with the consent of Petro, such consent not to be unreasonably withheld or delayed.

14. The sale under the Share Sale Deed completed on 7 September 2022. A deed between Petro, the Liquidators (then as administrators), and Atlas of 30 June 2023 permitted a partial set-off between the Term Loan and the Term Loan Consideration but did nothing to alter the nature of the rights under the Share Sale Deed.

15. Petro went into creditors' voluntary liquidation on 9 July 2024 with the Liquidators being appointed as such. On 8 October 2024 the Liquidators declared a dividend of 29.2 pence in the pound on Atlas's proof in respect of the Term Loan, being a dividend of nearly £19m having regard to the partial set-off agreed in 2023. It has not, though, been paid.

16. Central to the application is a transaction between Denali and Atlas on 16 April 2025. It involved a settlement agreement (**the Settlement Agreement**), the Assignment Agreement, and a termination agreement. The background to the transaction was a gold contract between Denali and a wholly owned subsidiary of Atlas, JSC Pokrovskiy Mine, as seller of gold bullion. A change in the price of gold made this a heavy loss-making contract for Atlas.

17. The Settlement Agreement recites that background, referring to the gold contract as "the Gold SPA", and continues as follows:

"(E) Atlas is a party to the Share Sale Deed entered into between Atlas (previously known as JSC UMMC-Invest) as the buyer, Petropavlovsk plc ('Petro') as the seller and Allister Manson, Joanne Rolls and Trevor Binyon as joint administrators of Petro dated 1 August 2023 *(sic)* ('Petro SPA').

(F) Under the Petro SPA, Atlas is entitled to the liquidation proceeds from Petro, including as a repayment of the Term Loan (as defined in the Petro SPA) and as a refund of the residual amounts of the Administration Fund (as defined in the Petro SPA) ('Assigned Rights'), whose exact amount is to be determined in the course of the Petro liquidation, which is estimated to be of not less than approx. US$30,000,000, but may, in the best scenario, reach approx. US$40,000,000.

(G) Given that Atlas is unable to pay Denali, by way of consideration for its agreement to free Atlas from its obligations under the Gold SPA, any amounts in any non-Russian currency and outside Russia, Atlas offered Denali to assign to it the Assigned Rights in lieu of any monetary consideration and Denali has agreed to accept it."

18. By clauses 1 and 2 of the Settlement Agreement:

"1. TERMINATION OF THE GOLD SPA

1.1 Denali hereby agrees to terminate the Gold SPA by signing the relevant termination agreement with the Seller on the date hereof.

2. ASSIGNMENT

2.1 Atlas hereby agrees to assign to Denali all of the Assigned Rights by signing the relevant assignment agreement with Denali on the date hereof ('Assignment Agreement')."

19. By the termination agreement, the gold contract was terminated with immediate effect.

20. The Assignment Agreement, with Denali named as "Assignee" and Atlas as "Assignor" (together, "the Parties"), contains the following recitals:

"(A) Denali and Atlas on the date hereof have entered into a certain Settlement Agreement ('the Settlement Agreement');

(B) Clause 2.1 of the Settlement Agreement envisages that Atlas shall assign to Denali certain of its rights under Share Sale Deed entered into between Atlas (previously known as JSC UMMC-Invest) as the buyer, Petropavlovsk plc ('Petro') as the seller and Allister Manson, Joanne Rolls and Trevor Binyon as joint administrators of Petro dated 1 August 2023 *(sic)* ('Petro SPA'), such assigned rights being all of Atlas' creditor's rights to receive liquidation proceeds from Petro, including as a repayment of the Term Loan (as defined in the Petro SPA) and as a refund of the residual amounts of the Administration Fund (as defined in the Petro SPA) ('Assigned Rights');

(C) This agreement is the Assignment Agreement mentioned in clause 2.1 of the Settlement Agreement."

21. By the Assignment Agreement, at clause 1:

"ASSIGNMENT

1.1 The Assignor hereby assigns to the Assignee all its Assigned Rights and the Assignee hereby accepts the Assigned Rights ('Assignment').

1.2 The Assignor shall notify Petro of the Assignment and request Petro's consent to the Assignment pursuant to the Petro SPA within 30 days of the date of this agreement ('the Assignment Consent').

1.3 The Parties shall cooperate in obtaining the Assignment Consent. The Assignee shall be entitled to communicate directly with Petro and requesting the Assignment Consent.

1.4 The Assignment shall be effective upon the Assignment Consent being granted by Petro.

1.5 Neither Party shall be held liable for the Assignment Consent not being granted."

22. It is the consent of Petro to this assignment which is the subject of the application. It would have been given by the Liquidators for Petro but for the designation of Atlas for the purposes of the sanctions legislation. That happened on 17 June 2025.

23. As to the progress of the liquidation, the Liquidators are in the process of selling shares in a Canadian company, Rusoro Mining Limited. There is a very real issue as to the value of those shares. Costs and expenses continue to be incurred. Cash paid under the Share Sale Deed enabled the payment of other creditors of Petro, so that the only remaining creditor is Atlas.

Legal framework

24. The Chancellor described the two central features of the UK sanctions regime in *PJSC National Bank Trust v Mints* [2023] EWCA Civ 1132 at [2]: "The two central features of the UK sanctions regime are that first, all the assets of a designated person are frozen, which means no person may deal in them, the second is that no person may make available any assets to a designated person. To do either is a criminal offence."

25. That regime distinguishes, in s.60 of SAMLA, between an economic resource and a fund:

"60(1) In this Act 'funds' means financial assets and benefits of every kind, including (but not limited to) (a) cash, cheques, claims on money, drafts, money orders and other payment instruments; (b) deposits, balances on accounts, debts and debt obligations; (c) publicly and privately traded securities and debt instruments, including stocks and shares, certificates representing securities, bonds, notes, warrants, debentures and derivative products; (d) interest, dividends and other income on or value accruing from or generated by assets; (e) credit, rights of set-off, guarantees, performance bonds and other financial commitments; (f) letters of credit, bills of lading and bills of sale; (g) documents providing evidence of an interest in funds or financial resources; (h) any other instrument of export financing.

(2) In this Act 'economic resources' means assets of every kind, whether tangible or intangible, movable or immovable, which are not funds but can be used to obtain funds, goods or services."

26. The central regulation in the Regulations for the purposes of this application is regulation 11(1):

"11.—(1) A person ('P') must not deal with funds or economic resources owned, held or controlled by a designated person if P knows, or has reasonable cause to suspect, that P is dealing with such funds or economic resources."

27. For present purposes, the Liquidators are P. The overall question can be reframed as whether the giving of consent would be a dealing with the rights assigned by Atlas to Denali within the meaning of this regulation.

28. What may amount to a dealing with under the regulation differs depending on whether the rights are an economic resource or a fund. By Regulation 11(4):

"(4) For the purposes of paragraph (1) a person "deals with" funds if the person—

(a) uses, alters, moves, transfers or allows access to the funds,

(b) deals with the funds in any other way that would result in any change in volume, amount, location, ownership, possession, character or destination, or

(c) makes any other change, including portfolio management, that would enable use of the funds."

29. If the rights are an economic resource rather than a fund, it is regulation 11(5) which is in point:

"(5) For the purposes of paragraph (1) a person "deals with" economic resources if the person—

(a) exchanges the economic resources for funds, goods or services, or

(b) uses the economic resources in exchange for funds, goods or services (whether by pledging them as security or otherwise)."

30. In *Mints* the defendants to a claim for damages applied for a stay of proceedings on the grounds it was unlawful to enter judgment against a designated person. The application was dismissed. As was the appeal. It was held that a claim or cause of action was not a fund but was an economic resource. The Chancellor, with whom Popplewell LJ and Newey LJ agreed, said this at [197]:

"The first question of construction in relation to regulations 11 and 12 is whether the judge was correct that a claim or cause of action is not a 'fund' within the meaning of section 60(1) of SAMLA. It is important to note that the right to litigate a cause of action is not just in respect of valid causes of action which succeed at trial, but arguable causes of action which may or may not ultimately succeed. Whether they do so is uncertain. In my judgment, that uncertainty demonstrates why a claim or a cause of action is not a 'fund'. The definition of 'financial assets and benefits of every kind' in subsection (1)(a) to (h) is not intended to be exhaustive, but one thing they all have in common is that they are all valid, with an intrinsic financial value, usually as Mr Pillow said for a liquidated sum. The only 'claim' referred to is 'claims on money' which will be for a definite sum rather than damages. Claims for damages are not included, the only possible exception being a guarantee, but as Newey LJ pointed out in argument, although a claim under a guarantee is one for damages, usually a sum of money is claimed reflective of the principal's liability. Whilst, as I have said, the list is not intended to be exhaustive, if it had been intended that a cause of action in respect of a civil claim was within the definition of fund, section 60(1) would surely have identified it as such."

31. On the basis that the claim for damages was an economic resource rather than a fund, the Court of Appeal concluded that there was no breach of regulation 11 by entering judgment:

"206. … In my judgment, Mr Pillow is right that neither head of regulation 11(5) is applicable here. Exchange of an economic resource for funds under regulation 11(5)(a) contemplates handing over one asset in return for another and use in exchange in (b) equally contemplates the retention of the asset but its use in some way, for example as Mr Pillow submitted, by way of pledge. On the basis of the doctrine of merger on which the appellants placed much emphasis, the cause of action ceases to exist and is replaced by the judgment, so there is no exchange within the meaning of the Regulation.

207. There is also a problem with the appellants' analysis, given their acceptance that the claimants would not be using the cause of action in breach of the Regulations in commencing and pursuing the proceedings, up to and including closing submissions. It is the court which enters judgment. The successful claimants merely ask the court to enter

judgment, which is something the claimant would do in their submissions at trial, even though the making of those submissions is not, as Mr Rabinowitz accepted, a breach of the Regulations. The artificiality and illogicality of the appellants' submissions is thus exposed. Any suggestion that the claimants would be entitled to make their closing submissions, but could not ask the court to enter judgment, is nonsensical.

208. Any suggestion that the court would be in breach of regulation 11(5) by entering judgment in favour of a designated person is even less convincing. The court would not receive anything in exchange for the cause of action. Furthermore, the words 'dealing with' are simply not apt to describe the exercise by the court of its judicial function of entering judgment on a valid cause of action. As with 'making available', on any ordinary use of words, the court cannot be said to be dealing with a cause of action when it enters judgment. The contrary suggestion is an artificial construct and ignores the wording of the Regulations as a whole, specifically regulation 58(5). Since, on its correct construction that Regulation permits the entry of a judgment in respect of a pre-existing obligation, it follows that regulation 11 cannot be construed as prohibiting the entry of such a judgment."

32. The court made clear that these conclusions did not depend on the principle of legality, being the principle of statutory interpretation under which fundamental rights including the right of access to the court can only be curtailed if that is clearly authorised by primary legislation. That is significant, as that principle, while in play in *Mints*, would not have any application to the situation in this case.

Discussion and conclusion

33. The Liquidators have adopted a neutral stance on the application, while properly drawing the court's attention to points they consider the court should have in mind. They make

clear they would already have given consent but for the possibility that such consent might offend the sanctions legislation, and that, if it is determined that the giving of consent would not breach the Regulations, then the Liquidators would give that consent.

34. As already indicated, the inquiry begins with the issue of what it is that is being assigned under the Assignment Agreement.

35. The submission for Denali is that the subject of the assignment is the collection of contractual rights comprised in clauses 10.1, 12.1 and 13.1 of the Share Sale Deed. Mr Sturman KC made clear for the Liquidators at the hearing that, from their perspective, the most difficult issue was the question of what was being assigned. If Denali was correct in its argument as to what was being assigned, then the Liquidators could see why those rights represented an economic resource rather than a fund. The skeleton argument for the Liquidators raised for the court's consideration a competing construction of the Assignment Agreement, namely that what was being assigned was the Term Loan. It was said that a point in favour of such a construction might be that such an assignment would carry with it the right to the dividend already declared on Atlas's proof in the liquidation for the Term Loan. As Mr Sturman put it for the Liquidators at the hearing, their concern was that that possibility gave rise to a real risk of a consent placing them in breach of the sanctions legislation. However, by the time of the hearing before me, and as Mr Arden KC made clear, the Liquidators had formed the view that such a construction of the Assignment Agreement would be wrong.

36. I have reached the conclusion that that change of tack is correct. What is being assigned by the Assignment Agreement is the bundle of contractual rights comprised in clauses 10.1, 12.1 and 13.1 of the Share Sale Deed, not the Term Loan. My reasons for that conclusion are these.

37. What is being assigned is the 'Assigned Rights' as described in the recitals to the Settlement Agreement at (F) and in the recitals to the Assignment Agreement at (B). Those descriptions refer to the "liquidation proceeds from Petro". That is apt to describe the contractual rights in clauses 10.1, 12.1 and 13.1 of the Share Sale Deed. In my judgment, it cannot be or include the Term Loan, as the Term Loan is expressly treated as something different within the description. The rights are to receive the liquidation proceeds, with those proceeds "including" sums paid towards the Term Loan. Further, the rights assigned are expressed to be "under [the] Share Sale Deed". The contractual rights in clauses 10.1, 12.1 and 13.1 do arise under the Share Sale Deed. The Term Loan does not. In addition, that the 'Assigned Rights' refers to those contractual rights rather than the Term Loan is underlined by the uncertainty spelled out in the further words of the description in the Settlement Agreement: "whose exact amount is to be determined in the course of the Petro liquidation". Being contemporaneous documents forming part of the same overall transaction, the Assignment Agreement and the Settlement Agreement fall to be construed together. I observe too that had the Term Loan been the subject of the assignment, it would have been very easy to say so.

38. There is also a commercial common sense point. An assignment away of the Term Loan by Atlas would give rise to at least the argument that Atlas was liable for the Term Loan Consideration but without being able to set off the Term Loan. That is commercially very unlikely to have been intended. This factor thus reinforces the conclusion reached as a matter of the language of the Assignment Agreement and the Settlement Agreement.

39. For all those reasons, I do not consider the subject of the assignment to have been the Term Loan. It does not fit with the language of the agreements or commercial common sense. Nor is the Assignment Agreement assigning the dividend so far declared or Atlas's

proof. The dividend and the proof were in respect of the Term Loan. And it is not the Term Loan that has been assigned. Nor does the Assignment Agreement make any mention of the dividend or the proof.

40. Having identified the rights being assigned, I turn to the question of whether those rights represent an economic resource, as Denali says, or constitute instead a fund.

41. As already noted, the position of the Liquidators was that if, as I have found, the rights assigned are those arising from clauses 10.1, 12.1 and 13.1 of the Share Sale Deed, then the Liquidators acknowledged the strength of the argument in favour of the assignment being of an economic resource, not a fund.

42. I have decided that those rights are, indeed, an economic resource within the meaning of s.60 of SAMLA rather than a fund in light of the exposition of those provisions by the Court of Appeal in *Mints*.

43. In *Mints* it is uncertainty which is said to demonstrate that the claim is not a fund; an uncertainty which stands in contrast to a key feature of most or all of the items in the non-exhaustive list of financial assets and benefits forming part of the definition of a fund, namely that they are for a liquidated or definite sum.

44. Focussing, as did the submissions before me, on the likely most valuable and significant of the rights assigned, being that under clause 10.1 of the Share Sale Deed, such right is not to a liquidated or definite sum. Rather, it is one characterised by uncertainty. It is a right only to a payment in a sum equal to any surplus in the liquidation. The extent of any surplus would, of course, depend not only on the claims of other creditors but also on the level of recovery out of assets, which can be expected to be – and is in this case still – uncertain, as well as on the level of fees and expenses, which is likewise uncertain.

45. It can be added that, as at the date of the Assignment Agreement, Petro was in liquidation so that at least Atlas's remedies (perhaps not its rights) against Petro were suspended. As liquidation can be expected to be followed by dissolution, the practical reality is that Atlas was confined to proving in the liquidation to enforce its right under clause 10.1.

46. What is assigned is therefore, in practice, a right to prove in the liquidation for what is an uncertain sum. In my judgment, and with the exposition in *Mints* in mind, that looks like an economic resource which can be used to obtain funds, rather than a fund.

47. Denali also appealed to the pari passu rule in arguing that the right was uncertain so as to be an economic resource. But that rule is not the source of uncertainty in this case. Atlas is the only remaining creditor and its right is to a sum representing the surplus once all other obligations have been met.

48. As to the rights under clauses 12.1 and 13.1 of the Share Sale Deed, I understood it to be common ground before me that enforcing these rights would not involve proving in Petro's liquidation as they both involved any residual sum which might remain from the Administration Fund and the Contingency Fund being held on trust. The way it was put for the Liquidators in their skeleton argument was that Atlas has no any beneficial interest in possession in any such residual sum but rather a reversionary or contingent interest. While enforcement of these rights does not involve proof in the liquidation, these rights otherwise share much of the same character of uncertainty as the rights under clause 10.1. It cannot be said at this stage (nor at the time of the Assignment Agreement) what, if any, sum Atlas may be entitled to call for using those rights, and the rights give no present interest in the funds. I consider for those reasons that they too represent an economic resource rather than a fund within the meaning of s.60 of SAMLA.

49. I should record that, following the hearing, I requested written submissions on the different considerations which might apply to these rights under clauses 12.1 and 13.1, including on whether they could be regarded as claims against money. No one suggested they could be so regarded, and there was nothing in the written submissions for either side which went to undermine the conclusion which I have expressed above.

50. It must be acknowledged that this is not as clear a case as *Mints*. The rights falling for consideration in this case are probably closer to the border between a fund and an economic resource than the claim for damages which was in view in *Mints*. But, in my judgment and for the reasons I have given, the rights assigned under the Assignment Agreement are, like the claim in *Mints*, an economic resource rather than a fund for the purposes of the sanctions legislation.

51. Having determined the key issues of what is being assigned under the Assignment Agreement and whether that is an economic resource or a fund, the overall question – would the giving of consent to the assignment offend the sanctions legislation? – can be answered relatively shortly.

52. My overall conclusion is that consent by the Liquidators will not offend the sanctions legislation.

53. The central regulation for these purposes is, as already noted, regulation 11(1). The issue in terms of that regulation is whether the giving of consent would be a dealing with the rights assigned. Given the rights assigned are, as I have determined, an economic resource, it is regulation 11(5) which is in point. It may be helpful to set it out again here:

"(5) For the purposes of paragraph (1) a person 'deals with' economic resources if the person—

(a) exchanges the economic resources for funds, goods or services, or

(b) uses the economic resources in exchange for funds, goods or services (whether by pledging them as security or otherwise)."

54. To borrow some of the language of the Chancellor in *Mints*, the words "deals with" are not apt to describe the simple giving of consent by Petro, acting by the Liquidators, to an assignment between Atlas and Denali of rights under the Share Sale Deed. Petro is not a party to the transaction of which the assignment forms part, and the giving of consent does not involve any exchange by the Liquidators or Petro of those rights for funds, or the use by the Liquidators or Petro of the rights in exchange for funds.

55. While the consent of the Liquidators may be conduct in the UK and so could be caught by the Regulations (see s.21 of SAMLA) so that the caution of the Liquidators is entirely understandable, it follows from all I have said that consent may be given without involving any breach of the Regulations.

56. Three points in closing.

57. One, I have considered whether the answer given to the overall question adopts an unduly narrow interpretation of the sanctions legislation, in particular of the idea of a fund. I do not believe it does. Rather, it recognises, in line with *Mints*, some limitation on the scope of that idea, and gives some meaning to economic resource.

58. Two, the overall conclusion is one I reach with no real reluctance. That is because all the benefits which Atlas, the now designated person, was to receive under the 16 April 2025 arrangements have already passed to Atlas. The giving of consent now will put no assets in the hands of the designated person or allow the use by Atlas of those assets. An

inability to give consent would, on the other hand, mean that Atlas would have got all the benefits under the 2025 transaction, but without Denali receiving its consideration.

59. Three, the prohibitions in regulation 11 of the Regulations do not apply to anything done under the authority of a licence issued by the Treasury under paragraph 64 of the Regulations. Some of the purposes for which the Treasury may issue a licence are set out in Part 1 of Schedule 5. I was taken to paragraph 8, which is in these terms:

> "8. To enable the satisfaction of an obligation of a designated person (whether arising under a contract, other agreement or otherwise), provided that—
>
> (a) the obligation arose before the date on which the person became a designated person, and
>
> (b) no payments are made to another designated person, whether directly or indirectly."

60. This accorded with what one might expect to see, namely some mechanism under which obligations of designated persons, entered into before designation, could be honoured despite the subsequent sanctions. But I was told it was common ground that this paragraph could not apply to the current situation if the consent of the Liquidators was within the regulation 11 prohibition. It was unclear to me why no licence could be available under this paragraph, if the consent of the Liquidators would otherwise be unlawful, given the obligation on Atlas to assign. Consent could be said to enable the satisfaction of that obligation. But my overall conclusion in this case means that there is no occasion for any such licence to be sought.

61. I invite the two teams to agree an order giving effect to this judgment.