Rating report 4 May 2022

EuroRating assigned 'BB-' long-term credit rating to secured fixed rate bonds issue of the company Raptor Capital International plc (UK)

Public / Private rating	**public**
Continued / One off rating	**continued (monitored rating)**
Category	**rating for a bond issue**
Bonds issued by	**Raptor Capital International plc (United Kingdom)**
Type of the rated bonds	**secured fixed rate bonds**
Bond series ISIN	**GB00BMFC5S75**
Type of the credit rating	**long-term, international scale**
Date of rating assignment	**4 May 2022**
Rating level	**BB-**
Rating outlook	**stable**

The presented credit rating is a rating for a bond series (ISIN: GB00BMFC5S75) and relates to the issue of up to $30 million secured fixed rate bonds (series 2021-F1) denominated in USD, with the maturity term in 2026. The bonds are issued (or to be issued) by the company Raptor Capital International plc ("RCI plc", "the issuer"), which is a special purpose vehicle (SPV) and was established by Bedford Row Capital plc (which acts only as servicer to the issuer) for a specific purpose – to raise funds for the company Raptor Capital International Ltd ("RCI Ltd", "the principal borrower"), which intends to invest in gold mining and processing projects.

The presented credit rating does not relate to the credit risk (or probability of default) of the issuer. The rating concerns the risk of an ultimate loss of a part or all of the bonds' principal amount and the interest by the bondholders in the event of a default of the issuer.

Key rating drivers

Positive:

Solid security of the loan to the principal borrower: The proceeds from the bond issue of RCI plc will be borrowed to RCI Ltd. The loan will be secured over all RCI Ltd's assets, as well as on the rights resulting from royalty and streaming contracts concluded by RCI Ltd with gold mining companies. These contracts also will assume a security on the mining companies' assets (including mineral property and plant & equipment). RCI plc will also have a charge on the principal borrower's shares.

Three different investment projects: RCI Ltd will invest over 90% of the proceeds from bonds in three different gold mining projects, which partially reduces the risk of potential problems with the quantity of the gold produced or delays in production in individual mines.

Already selected investment projects: RCI Ltd has currently ten mining projects undergoing due diligence, from which in six cases indicative terms already have been agreed. It can significantly facilitate quick investments in selected profitable mining projects just after the bond issue.

Low loan to value ratio: RCI Ltd's criteria for commencing an investment project include the requirement, that the loan (granted to the mine operator) to resource value is an equivalent of below 15%, which should assure a solid safety margin.

Potentially profitable investment projects: RCI Ltd expects from the initial three gold mining projects revenues in the form of physical gold streaming in the first four years in the total amount of $63.2 million and total cash flows of $48.2 million, which should allow RCI Ltd to repay to RCI plc the $30 million loan plus interest. After bonds repayment the company should still have $16.1 million in cash.

Experienced management team: The RCI Ltd's management team has extensive knowledge and experience in the global mining and exploration industry with established track record.

Control over money acquired from bond issues: RCI Ltd will have limited freedom in using money acquired from bonds. These funds will have to be invested in gold mines only. The operating costs of RCI Ltd can be covered only from the future profits.

The bonds are legally protected in the case of RCI plc's default or insolvency: The bonds' collateral will be held by an independent trustee (Truva Services Corporation plc) on behalf of the bond holders. This ensures that if the Issuer defaulted or went into insolvency it would not affect the security being relied upon by the bond holders as this would be managed by the security trustee.

Negative:

No history of operations of the bond issuer and short history of the principal borrower: The rated bond issuer (RCI plc) is an SPV company with no history. Its credit risk and ability to timely repayments of the issued bonds depend fully on the credit risk of the principal borrower (RCI Ltd), which also has a short history of existence reaching only four years.

Very weak current financial situation of the principal borrower: RCI Ltd, since its establishment in 2018, has not generated any revenues. Due to the incurred operating and finance costs, the company was generating significant losses, which translated to a constantly negative equity value. As of the end of 2021 the deficit amounted to $2.2 million. RCI Ltd's going concern is now fully dependent on the possibility of using external financing.

The investments in mining projects will be funded fully from the bond proceeds: As RCI Ltd has very low assets, almost no cash and negative equity value, the planned investments in royalty and streaming contracts with mining companies will be fully financed with the proceeds from the bond issue (without any own contribution of RCI Ltd, other than the conducted in the previous years work on selecting the best investment projects).

Increased risk connected with the operating activity of the investment projects: Although the proceeds from bonds will be invested in selected investment mining projects, there is always a risk, that the gold production from one (or even all three) of the mines will be far lower than expected and/or there will occur long delays in the production commencement. Any significant unfavourable events related to the operation activities of the mines would pose a threat to the expected cash flows from the projects, which are the main source of security for the loan granted to the principal borrower by RCI plc.

Reliance on data and estimates: The calculation of royalties is dependent on data received from mining companies and any data obtained by or observed by the principal borrower. There is a risk of errors in calculation of gold production output and royalty payments which could have a material adverse impact on the principal borrower's financial performance.

Stable rating outlook

The stable outlook assigned to the credit rating means, that according to current estimates of the EuroRating credit rating agency the rating should most probably remain unchanged in the horizon of the next 12 months.

Major factors that could lead to a rating change

Positive:

- successful investments by RCI Ltd in the selected mining projects, which will swiftly start generating gold streams to the company;
- quick strengthening of the capital position of the principal borrower by generating profits and keeping them in the company to increase equity;
- increasing by RCI Ltd cash reserves and maintaining a very good liquidity position, which will make the bond timely repayment very likely.

Negative:

- much lower than currently planned bond issue, which would result in a lower number of the investment projects (what would decrease the diversification of investments);
- significantly lower than expected quantity of gold produced or delays in production in one or more mining projects, in which RCI Ltd will invest;
- generating by the principal borrower much weaker than currently forecasted sales income and net profits (and in particular – generating losses);
- further increase in negative equity of the principal borrower;
- any factors increasing risk of the principal borrower's failure to repay the loan from RCI plc on time and in a result the threat of lack of repayment the bonds issued by RCI plc.

Company profile

Registration data

Issuer/company name: Raptor Capital International plc. **Registered office**: Ground Floor, 45 Pall Mall, London, SW1Y 5JG, United Kingdom. **Company registration number (UK)**: 13628979. **Legal Entity Identifier**: 213800EHVIQB6SQ9N829.

Principal borrower name: Raptor Capital International Ltd. **Registered office**: Craigmuir Chambers, Road Town, Tortola VG1110, British Virgin Islands. **Executive office:** Le Panorama AB, 57 Rue Grimaldi, Monaco, 98000. **Company registration number**: 379270.

Raptor Capital International plc ("RCI plc") is a special purpose vehicle and was established by the bond arranger Bedford Row Capital plc (which acts only as servicer to the issuer) for a specific purpose – to raise funds (via bond issuance) for the company Raptor Capital International Ltd ("RCI Ltd").

As an SPV, RCI plc is separated from the parent company, so that Bedford Row Capital plc would not be responsible for RCI plc's financial obligations.

Before bond issuance RCI plc had no history, revenues or earnings, as well as no assets and liabilities. At the moment of bond issuance all proceeds from bonds will be transferred immediately (in a form of a loan) to RCI Ltd ("principal borrower"), which will be responsible for liabilities to RCI plc with its own assets, as well as with rights resulting from royalty and streaming contracts concluded by RCI Ltd with gold mining companies.

As RCI plc's only asset will be the loan granted to RCI Ltd, the issuer's ability to repay the bonds will be fully dependent on the financial performance and cash flows generated

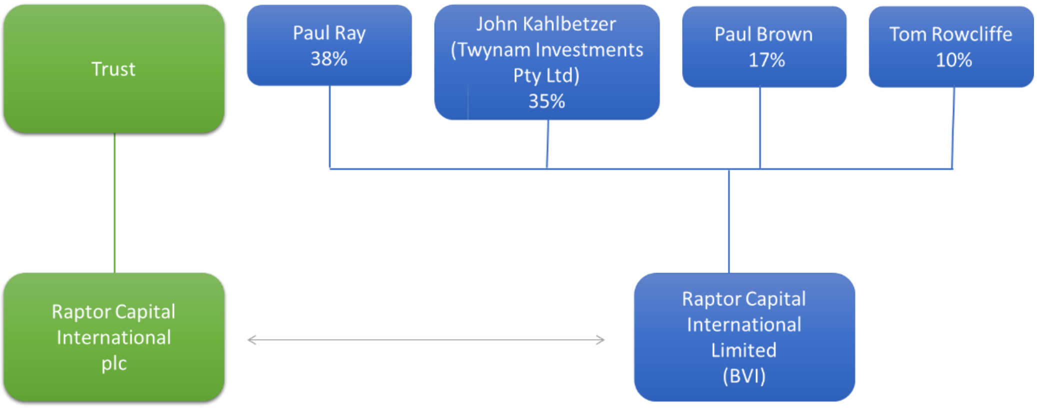
by the principal borrower (RCI Ltd). Therefore, the credit risk analysis contained in this report focuses primarily on RCI Ltd.

Shareholder structure

RCI plc is only an SPV company and is not directly (by ownership) related to RCI Ltd. The RCI plc shares are held in trust. After bond issuance RCI plc will have a business relation with RCI Ltd, as it will grant to that company a loan from the proceeds from the bonds.

RCI Ltd shareholders are: Paul Allen Ray – 38.8%, Twynam Investments Pty Ltd % (ultimate beneficial owner: John Igino Kahlbetzer) – 35%, Paul Harold Brown – 16.9%, Tom Rowcliffe – 10%.

Chart 1. RCI plc and RCI Ltd – shareholder structure and beneficial owners



Source: Raptor Capital International plc and Raptor Capital International Ltd

Principal borrower's history and primary business activity

RCI Ltd was founded by Paul Ray, Tom Rowcliffe and Paul Brown in 2018 with a mission of increasing capital availability for medium-scale mining companies. RCI Ltd is a precious metal streaming and royalty finance company focused on providing innovative finance to medium scale precious metals mining operations in the USA, Canada, Australia, New Zealand, and Mexico.

RCI Ltd intends to invest in projects with simple mining and processing operations, enabling them to initiate or increase production. The company's primary focus are gold mining projects, but it will also evaluate projects with silver streams.

Investment strategy

RCI Ltd's investment strategy mimics the business model of successful multi-billion-dollar firms in the industry, and includes:

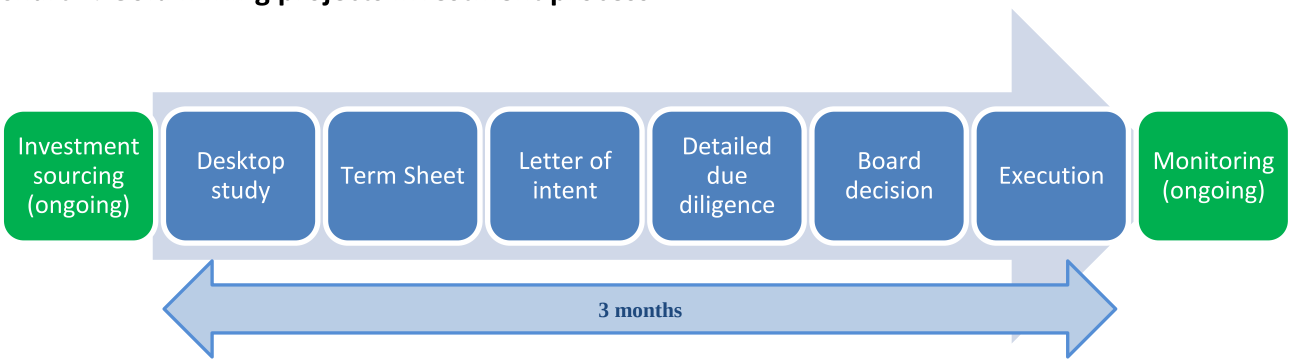
1. Identifying high-grade, low-cost, development stage gold or silver mining projects to invest in
    - projects from geographically varied jurisdictions, which creates a diversified portfolio of gold or silver streaming assets – securing inflows and liquidity;

- focus on mid-size firms with gold resources of 0.1-1 million ounces; three biggest players dominate the top end of the market where RCI Ltd is not competing;

2. Making up-front payments to purchase part of their future production below market price
   - mining companies prefer streaming and royalty finance because its non-dilutive to shareholders;
3. Receiving gold/silver from the mine's production at a deep discount and selling the commodity for a profit.

Investment process

Chart 2. Gold mining projects investment process



Source: RCI plc and RCI Ltd

RCI Ltd's investment process involves the following steps:

1. **Screening and due diligence:** An investment is only made after a project passes the due diligence process which includes a quick desktop study and a detailed analysis:
   - **Technical** – geology, metallurgy and mine engineering due diligence is carried out by globally renowned consultants and expert assay labs. RCI Ltd filters credible projects for the next stage of assessment;
   - **Legal** – RCI Ltd selects local firms specialising in natural resources, with expertise in local law and mining regulations; it assures that the full ownership and rights to mine are held by the mining company before proceeding;
   - **Political/country risk** – RCI Ltd evaluates each jurisdiction to assess the level of political risk and consult with experts before costing (or transferring) the risk;
   - **Environmental risk** – RCI Ltd requests specialist consultants' evaluations;
   - **Tax** – international firms review proposed structure of the investment and the mining company and tax exposure;
   - **Operating team** – RCI Ltd examines the track records of persons involved in the project.

2. **Valuation:** Investment opportunities are priced on a risk/reward basis. RCI Ltd requires a projected return of 3 times the advance. A reduction to this would require a significantly advanced project that is de-risked and very close to production.
3. **Investment monitoring:** RCI Ltd checks monthly operational reports, geological and technical reports, development and mine plans, has remote access to the ERP system, and has an agent to oversee the operation. If deemed necessary, RCI Ltd may appoint its representative to the mining company board.

Investment criteria

- RCI Ltd's investments will be structured as streaming and royalty transactions ranging between $5 million to $30 million.
- the company will primarily invest only in development stage mining projects with a clear timeline to production of less than 18 months (RCI Ltd will not invest in exploration stage projects).
- advances will be made in return for gold (priced at a large discount to spot price) and a royalty for the life of mine. There is no equity or debt component. RCI Ltd's gold streams must be settled within 5 years of the initial advance and royalties will be up to 8% of revenue
- senior security over the entire mining assets.

Financing criteria

RCI Ltd's criteria for commencing a project include:

- at least 200,000 ounce gold resource (or gold equivalent ounces);
- a recent 43-101 standards/JORC (Joint Ore Reserves Committee) competent persons report demonstrating a viable resource;
- financing requirement of from $5 million to $30 million;
- loan to resource value equivalent of below 15%;
- uncomplicated metallurgy (no deleterious elements), allowing simple, conventional, traditional extraction;
- payback of initial capital and interest within 3 years of production;
- senior security over mining company's assets, including mineral property, as well as plant and equipment, which can be assigned to the company;
- access to mining company's financial records;
- authorization of the RCI Ltd's agent for an on-site overseeing of operations;
- appointment a member of the executive team or a nominee of the Executive Team to the mining company board if deemed necessary.

If a project does not meet those criteria it will not be further considered. If a significant risk is exposed during the due diligence process and it cannot be mitigated, the investment would not proceed.

Company management

The Board of Directors of RCI Ltd consist of the following persons:

- **Paul Allen Ray** – a surveyor, who has been working successfully in the global mining and exploration industry for nearly 50 years. He has worked within some key mining industry organisations, such as Theiss Bros and Placer Exploration and Development Corporation. Mr Ray has comprehensive experience in geodetic, geophysical and geological surveys, property acquisitions, assessments, negotiations, contracts, logistics and public relations. Mr Ray has successfully discovered, developed and joint-ventured mining properties in Australia and the Pacific region. Furthermore, he has been a member of the board of various exploration and mining companies worldwide, both public and private.
- **Tom James Rowcliffe** – a chartered accountant with 10 years' experience and a background in mining, oil and gas. A mining industry professional, bringing skills in project evaluation and financial modelling for mines. His core skills in financial reporting, budgeting and forecasting are complimented by his commercial exposure to refining and offtake agreements and gold trading. Mr Rowcliffe has held senior positions within some fast-growing organisations, such as Trafigura and Endeavour Mining Corporation.
- **Paul Berndt** (Head of Technical Services) – a process engineer, project manager and mining company director with almost 50 years as minerals industry professional. Mr Berndt has exposure to mining operations across Europe, Latin America, China, Southern Africa, South-East Asia and Australia, for a wide variety of commodities and processes. Mr Berndt has a depth of experience in project evaluation, with a strong understanding of the cost and value of project inputs, corporate objectives and hence, the value in a business. His global experience in the minerals industry enables him to understand the strategies in diverse technical, political, legal and cultural frameworks and thus, identify weaknesses and opportunities within a project. Mr Berndt has held positions within significant mining industry organisations such as Sino Mining, Davy McKee Pacific (now Aker Solutions) and Anglo American.
- **Douglas Scheving** (Technical Services / Metallurgy) – Mr Scheving graduated with Diplomas of Technology in Mining and Extractive Metallurgy from the British Columbia Institute of Technology. He has worked in senior positions at a number of mining companies and served as general manager for the Government of British Columbia, Canada at an environmental remediation operation. Mr Scheving has provided management services for both public and

private companies as a director, senior officer or consultant for over 48 years. In these positions he has reviewed and evaluated numerous mining projects with a wide variety of minerals and extraction methods.

- **Eliot Williams** – a global HR partner with a background in strategic talent management. She has spent more than 10 years providing organisations with focused people strategies that look to positively impact businesses and their people; from ensuring equal and diverse hiring policies to appraising and remunerating leadership teams in a way that supports stakeholder interests. Ms Williams started her consulting career providing relationship management support on major infrastructure projects across Australia with a focus on community engagement. Followed by a move to the UK, she built out her structural human resources knowledge at a top-tier European private equity firm, working in a thought-leading team to implement internal ESG policies and practices. More recently, Ms Williams has worked on projects between the UK and Australia, auditing human resources functions to ensure best practice structures are in place.
- **Paul Harold Brown** (Director & Head of Corporate Development) – Principal of an established company administration and accounting services business based in Monaco for multi-party private and public entities.

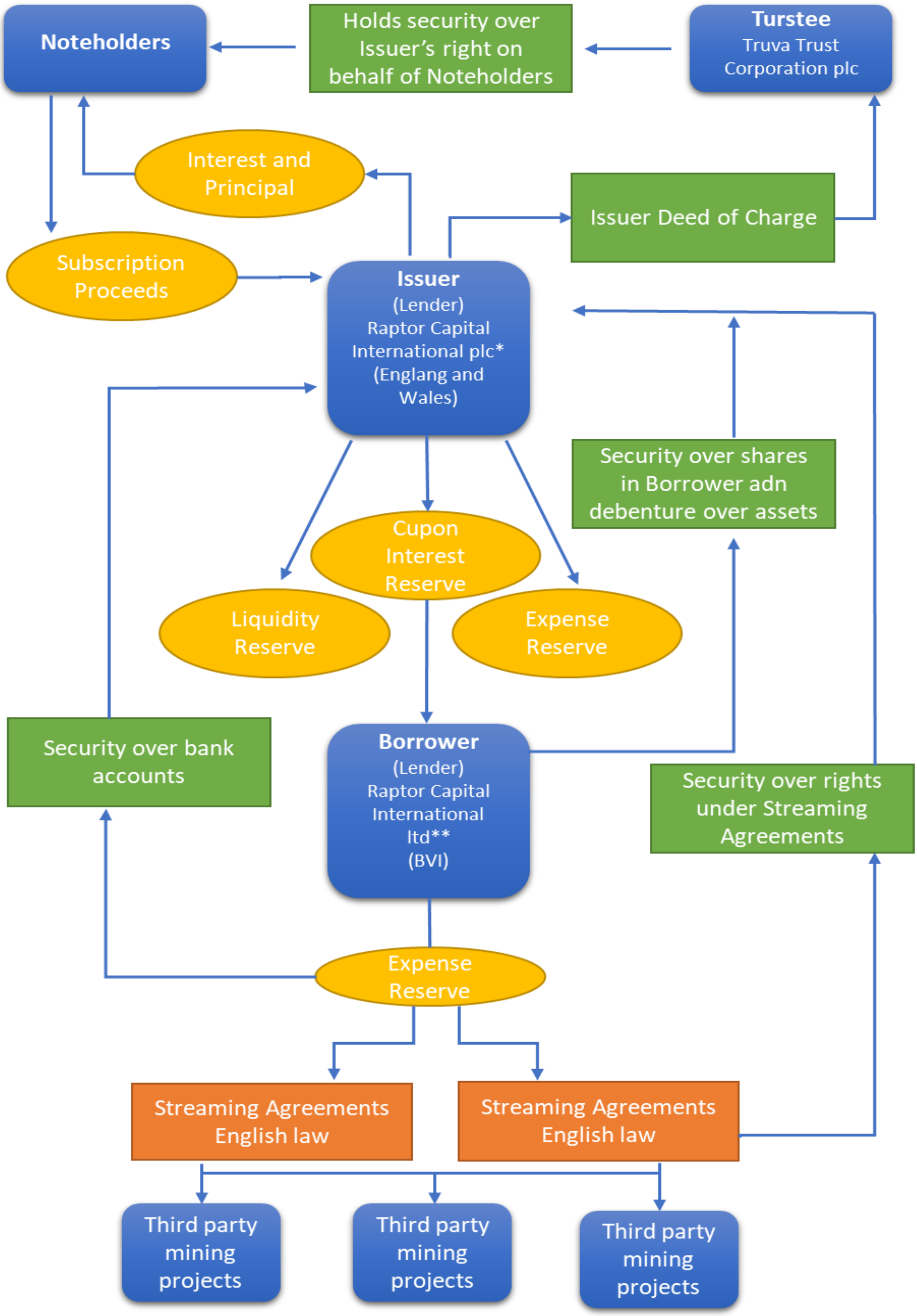
Lending and cashflow process

A servicer agreement was signed between Raptor Capital International plc as the issuer, Bedford Row Capital plc as servicer and calculation agent, and Truva Trustees Corporation plc as trustee.

The issuer appoints the servicer to perform various duties with respect to the borrower loans in accordance with the terms and conditions of the servicer agreement. Such duties including, but not limited to, review borrower loans for compliance with applicable eligibility criteria, arrange the entry into or purchase of the borrower loans by the issuer, prior to any issue date collect from potential purchasers of notes the fees in respect of the costs necessarily incurred by the issuer, make indicative pricing on an appropriate and perform such other activities as shall be agreed from time to time.

As a result of the directors' prior commercial experience, Raptor Capital International plc has well developed and defined business processes. These are presented in the graphic below:

Chart 3. Lending and cashflow process



** special purpose vehicle*

*** shareholders: P. Ray (38.8%), Twynam Investments Pty Ltd (35%, UBO: J. Kahlbetzer), P. Brown (16.9%), T. Rowcliffe (10%)*

Source: Raptor Capital International plc

The bonds security structure

Under a deed of charge dated 15 November 2021 between the issuer (RCI plc) and Truva Trustees Corporation plc (the "trustee"), the obligations of the issuer under a series of bonds will be secured in favour of the trustee (for the benefit of the bondholders and any certain other secured creditors of the issuer in respect of the bond series) by fixed and floating first priority security over the issuer's rights in respect of the secured assets and the transaction documents to the extent that they relate to such series and, where applicable, over any segregated bank accounts opened by the issuer in respect of the bond series.

In respect of the bond series, by granting the Issuer security to the trustee for the benefit of the Issuer secured creditors, the rights of the bondholders and the other issuer secured creditors to the issuer security in respect of such series rank first in priority to other creditors (including any affiliates of the issuer) in the event of a default or an insolvency or insolvency related event of the Issuer.

The rights of the bondholders and the other issuer secured creditors will not be affected by the insolvency or an insolvency related event of any other entity affiliated to the issuer.

The principal borrower's security structure

Under a deed of charge to be entered into between the issuer and the trustee (the "deed of charge"), the obligations of the issuer in respect of the principal loan will be secured in favour of the trustee (for the benefit of the bondholders and the issuer secured creditors) in respect of bond series) by a fixed first priority charge over all of its rights in respect of the secured assets and the transaction documents to the extent that they relate to such series and, where applicable, over any segregated bank accounts opened by the issuer in respect of bond series.

Each principal borrower deed of charge will contain customary representations and warranties from the principal borrower to the issuer, including, without limitation, representations and warranties as to the ownership by the principal borrower of its assets, that such assets are free from other security, that there are no adverse claims against such assets, that the principal borrower has complied with all relevant laws in respect of those assets and that the security being granted under the borrower deed of charge is enforceable.

In practice the loan granted by RCI plc to RCI Ltd will be secured over all RCI Ltd's assets, as well as on the rights resulting from royalty and streaming contracts concluded by RCI Ltd with gold mining companies. These contracts also will assume a security on the mining companies' assets (including mineral property and plant & equipment). RCI plc will also have a charge on the principal borrower's shares.

The principal borrower's current financial situation

RCI Ltd was founded in 2018 and since then it has not generated any revenues. Due to the incurred operating and finance costs, the company was generating significant losses, which reached in the last four years in total almost $3 million.

The company was equipped with a relatively small share capital of $810,000 and due to the generated high losses its equity was constantly negative. As of the end of 2021 the deficit amounted to $2.2 million.

The principal borrower currently has got only very small assets ($70,169) and almost no cash. As of the end of 2021 the total financial liabilities were over 32 times higher than the total assets value. Therefore, RCI Ltd's going concern is now fully dependent on the possibility of further postponing the repayment of outstanding overdue liabilities, as well as on the possibility of covering the current operating costs by further increasing the liabilities to employees, directors and service providers.

RCI Ltd must fully rely on external financing for any investments in royalty and streaming contracts with mining companies. Therefore, the planned issuance of bonds (via RCI plc) will initially additionally significantly increase the company's indebtedness, the servicing and repayment of which will be fully dependent on the swift operational success of mining projects in which the company will invest.

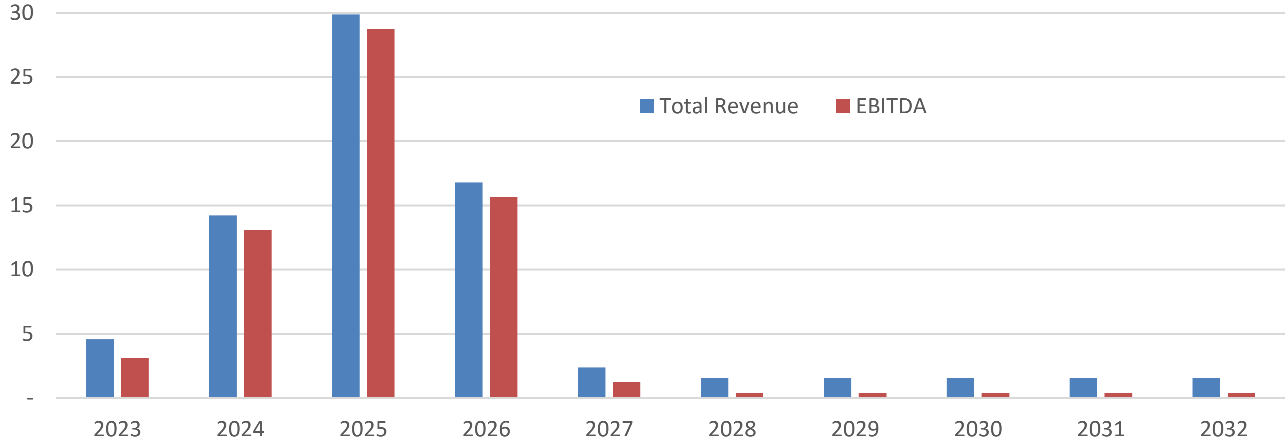
Analysis of financial forecasts

RCI Ltd prepared its financial forecasts for the next 10 years in optimistic and pessimistic scenarios. The forecasts base on the assumption, that the company in the nearest future will issue bonds (via the SPV – RCI plc) in the amount of $30 million, from which $27.7 million will be invested in the first year in three initial gold mining projects.

The following analysis presents forecasted figures starting from the year 2023, but if the bond issue will be finalised quickly in the current year, the planned cash flows can be realized faster than in the presented analysis.

EuroRating based the forecasts analysis basing on the company's pessimistic scenario – with the average gold market price of $1200/oz (which is far lower than the current price of ca. $1900/oz) and a success rate of 80%.

Chart 4. RCI Ltd – forecasted revenues ($ million)

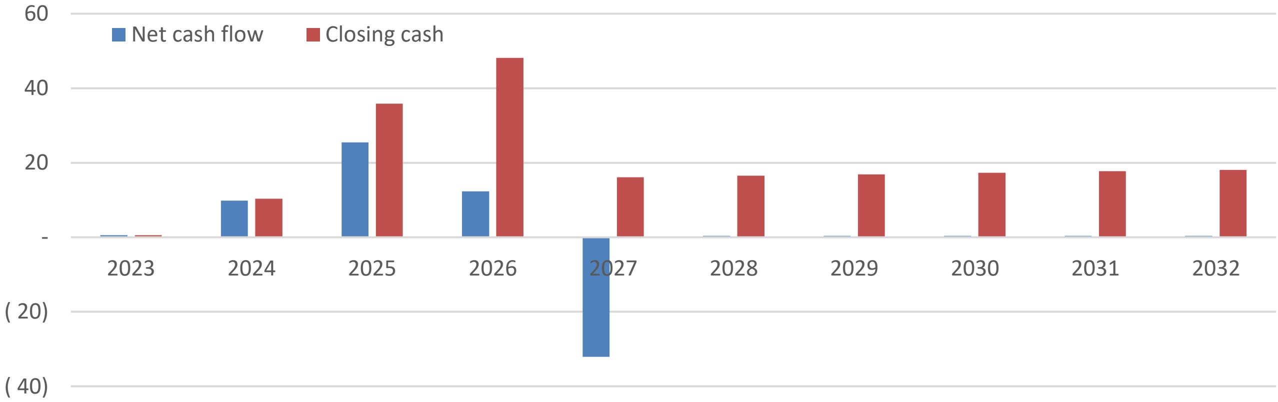


Source: Raptor Capital International Ltd

RCI Ltd expects from the initial three gold mining projects revenues in the form of gold streams and royalties. In the first four years the main source of revenues will come from a physical gold streaming. The revenues from this source shall reach in total $63.2 million.

From the third year RCI Ltd will also generate revenues from received royalties (a fixed percentage of the revenue generated by a mine). Revenue from this source will be generated in the next years in the amounts of $0.1-1.5 million, and will amount to the total of $11.7 million in 8 years.

Chart 5. RCI Ltd – forecasted cash flows ($ million)



Source: Raptor Capital International Ltd

RCI Ltd plans to issue bonds in the amount of $30 million, of which $27.7 million should be invested in the three initial gold mining projects. The remaining part will constitute a reserve for interest payments, as well as for commissions on funds raised.

The company expects to generate first revenues from transaction fees and from gold streams already in the first year. The forecasts assume, that at the end of the first year the cash amount will be $0.6 million. In the first four years the total cash flows from gold mine operations should reach $48.2 million, which should allow RCI Ltd to repay at the end of the fifth year the $30 million bond obligations plus interest. After bonds repayment the company should still have $16.1 million in cash.

In the subsequent years RCI Ltd will also receive cash from royalties ($0.4 million per year), which will increase cash amount to $18.1 million at the end of the tenth year.

EuroRating assesses the financial forecasts (in the pessimistic scenario) presented by RCI Ltd as credible and likely to be realized. Nevertheless, the greatest risk for the forecasted figures is the likelihood of slower than assumed generation of revenues from the gold streams, or even more significantly less than the assumed amounts of the gold mined.

The risk related to potential problems with the quantity of the gold produced or delays in production will be partially reduced by the fact that RCI Ltd will invest in three different mining projects. However, it cannot be ruled out that serious problems may occur in more than one mine, which may reduce or delay the RCI Ltd's cash flow generation, and thus may impair its ability to redeem the issued bonds on a timely basis.

Last, but not least, it should be emphasized that the RCI Ltd's ability to make any investments in mining projects, due to the lack of its own financial resources and the current company's critical financial situation, is now fully dependent on the success of raising funds by the bond issue.

Additional risk factors relating to the principal borrower

Dependence on mine operators

RCI Ltd will advance funds to mining companies to purchase part of the future production of gold to be delivered to RCI Ltd. The company will then sell the metal on the market for a profit. Later RCI Ltd should receive royalty payments over future mining revenues. However, RCI Ltd will have limited or no control of decisions regarding the development or operations of any of the mines and will be subject to the decisions of the mining company operating such mine in respect of all operating matters including permitting, feasibility analysis, mine design, operation, etc. These decisions may be motivated by the best interests of operator and may not coincide with the best interests of RCI Ltd.

Volatility of commodity prices

The profitability of RCI Ltd’s interests in streaming agreements is directly related to the market price of gold and/or silver, which may fluctuate widely. These prices can be volatile and may be affected by factors outside the company’s control, including metal supply and demand, demand of industrial and jewellery sectors, interest rates, securities prices, inflation, global political or economic conditions, any of which may have an adverse impact on the precious metals prices.

Environmental risks and other hazards

Mining activities are subject to significant potential risks and liabilities associated with pollution of the environment and disposal of waste and significant permitting requirements may apply to the operation of mines. If a mine is forced to incur significant costs to comply with environmental regulations or becomes subject to environmental restrictions which inhibit its operations, this may have a material adverse impact on RCI Ltd's performance under the streaming agreements.

Governmental regulations

Operation of mines are subject to extensive laws and regulations governing aspects such as exploration, development, production, exports, taxes, labour standards, waste disposal, remediation of the environment, safety, storage and transportation of hazardous substances and other matters. To the extent that costs of evaluating, operating and carrying out operations of mines in compliance with such regulations increases or results in delays then the performance of Raptor pursuant to the streaming agreements could suffer a material adverse impact.

Key management risk

The company is dependent upon the services of a small number of key management personnel, who are highly skilled and experienced. The company's ability to manage its activities will depend in large part on the efforts of these individuals. The loss of the services of one or more of such key management personnel could have a material adverse effect on the company.

Foreign exchange risk

The RCI Ltd's income under streaming agreements is subject to fluctuations in foreign currency exchange rates which may be material and have an adverse effect on the contracts' profitability. Mining projects financial models do not account for adverse foreign exchange fluctuations, which may lead to higher costs than anticipated and a slower rate of gold stream deliveries to RCI Ltd.

Additional risk factors relating to the bonds

General risks

It is intended that the issuer will invest in securities and other financial assets with certain risk characteristics. There can be no assurance that the issuer's investments will be successful, and that the holders of bonds will receive the full amounts payable by the issuer under the bonds or that they will receive any return on their investment in the bonds.

Credit risk

The ability of the issuer to meet its payment obligations under the bonds will be adversely affected by defaults in the underlying secured assets. The issuer is inherently exposed to risks arising from changes in credit quality and the recoverability of secured assets. Results of the mining projects, in which the principal borrower will invest, inconsistent with the assumptions contained in the assumed forecasts may reduce the recoverability and value of the issuer's assets.

Security may be declared invalid

The issuer will for the bond series grant security interests in favour of the trustee for the benefit of the bondholders in the issuer security pursuant to the trust deed and the issuer deed of charge. However, if the security interest of the trustee in the issuer security was determined to be invalid or unperfected, noteholders in such series would be unsecured creditors and would rank on a *pari passu* basis with other unsecured creditors (if any) of the issuer. Each of the foregoing factors may delay or reduce investors' return on their notes and investors may suffer a loss (including a total loss) on their investment.

Nature of the Issuer

The issuer will have no material assets other than the issuer security and the rights contained therein. Income derived from the secured assets will be the issuer's principal source of cash.

The notes are not protected by the Financial Services Compensation Scheme

Unlike a bank deposit, the notes are not protected by the Financial Services Compensation Scheme or any other government savings or deposit protection scheme. As a result, the FSCS will not pay compensation to an investor in the notes upon the failure of the Issuer. If the issuer goes out of business or becomes insolvent, noteholders may lose all or part of their investment in the bonds.

Table 1. Raptor Capital International Ltd – forecasted revenue ($ thousand)

				Gold price $1,200 oz.			Silver price $20 oz.		Success rate 80%		
Gold sold		**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	**2032**
Initial projects (1-3)	oz	3,230	11,859	24,804	12,775	0	0	0	0	0	0
Total	oz	**3,230**	**11,859**	**24,804**	**12,775**	**0**	**0**	**0**	**0**	**0**	**0**
Revenue	US$ 000s										
Gold streams											
Initial projects (1-3)		3,875	14,231	29,765	15,329	0	0	0	0	0	0
Total		3,875	**14,231**	**29,765**	**15,329**	**0**	0	**0**	**0**	**0**	**0**
Life of mine royalties											
Initial projects (1-3)		0	0	122	1,464	2,369	1,543	1,543	1,543	1,543	1,543
Total		0	0	**122**	**1,464**	**2,369**	**1,543**	**1,543**	**1,543**	**1,543**	**1,543**
Transaction fees		693	0	0	0	0	0	0	0	0	0
Total Revenue		**4,569**	**14,231**	**29,887**	**16,794**	**2,369**	**1,543**	**1,543**	**1,543**	**1,543**	**1,543**

Source: Raptor Capital International Ltd financial forecasts

Table 2. Raptor Capital International Ltd – forecasted cash flows ($ thousand)

	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Total Revenue	**4,569**	**14,231**	**29,887**	**16,794**	**2,369**	**1,543**	**1,543**	**1,543**	**1,543**	**1,543**
Direct costs	300	0	0	0	0	0	0	0	0	0
Overheads	1,441	1,141	1,141	1,141	1,141	1,141	1,141	1,141	1,141	1,141
EBITDA	**3,128**	**13,090**	**28,746**	**15,653**	**1,228**	**402**	**402**	**402**	**402**	**402**
Investing	-27,737	0	0	0	0	0	0	0	0	0
Cash flow pre-financing	**(24,609)**	**13,090**	**28,746**	**15,653**	**1,228**	**402**	**402**	**402**	**402**	**402**
Financing										
Funds raised	30,000	0	0	0	0	0	0	0	0	0
Commissions on funds raised	-1,500	0	0	0	0	0	0	0	0	0
Interest	-3,300	-3,300	-3,300	-3,300	-3,300	0	0	0	0	0
Repayment of principal	0	0	0	0	-30,000	0	0	0	0	0
Net cash flow	591	9,790	25,446	12,353	(32,072)	402	402	402	402	402
Opening cash	-	591	10,381	35,827	48,179	16,107	16,509	16,911	17,314	17,716
Closing cash	**591**	**10,381**	**35,827**	**48,179**	**16,107**	**16,509**	**16,911**	**17,314**	**17,716**	**18,118**

Source: Raptor Capital International Ltd financial forecasts

Rating scale applied by the EuroRating credit rating agency

Rating	Risk description
AAA	Negligible credit risk. Highest level of financial credibility. Rating assigned exclusively where an entity has extremely strong capacity to meet financial commitments.
AA+ **AA** **AA-**	Very low credit risk. Very high level of financial credibility. Very strong capacity to meet financial commitments. Low susceptibility to adverse economic conditions.
A+ **A** **A-**	Low credit risk. High financial credibility and capacity to meet financial commitments. Average resistance to long-term unfavourable economic financial conditions.
BBB+ **BBB** **BBB-**	Moderate credit risk. Good financial credibility and adequate capacity to meet financial commitments in the long term. Increased susceptibility to long-term adverse economic conditions.
BB+ **BB** **BB-**	Increased credit risk. Relatively lower financial credibility. Adequate capacity to meet financial commitments under average or favourable economic conditions. High or medium level of debt recovery in the event of default.
B+ **B** **B-**	High credit risk. Capability of meeting financial commitments largely conditioned on favourable external conditions. Medium or low level of debt recovery in case of a default.
CCC **CC** **C**	Very high credit risk. Very low capability to meet financial commitments even under favourable economic conditions. Low or very low level of debt recovery in case of a default.
D	Extremely high credit risk. Complete lack of capability to meet financial commitments. Without additional external suport the level of debt recovery is very low or close to zero.

Full details on the rating scale applied by the EuroRating credit rating agency are published on the agency's website at: www.eurorating.com/en/ratings/rating-scale

Regulatory affairs

EuroRating Sp. z o.o. is formally registered by the European Securities and Markets Authority (ESMA) as a credit rating agency authorized to issue public credit ratings throughout the European Union (in accordance with the Regulation of the European Parliament and of the Council No. 1060/2009 on credit rating agencies) and is under direct supervision of ESMA. EuroRating holds the ECAI (External Credit Assessment Institution) status in the European Union, pursuant to the Regulation of the European Parliament and of the Council No. 575/2013 on prudential requirements for credit institutions and investment firms (CRR Directive). The credit ratings (including unsolicited ratings) assigned by EuroRating are valid throughout the European Union and can be used for regulatory purposes under EU legislation by all financial institutions or any other entities and are entirely equal to credit ratings issued by other credit rating agencies registered by ESMA, without territorial or any other limitations.

Methodology

The presented credit rating is a rating for a bond issue, i.e. it takes into account both: a general credit risk of the bond Issuer (Raptor Capital International plc), as well as any bond collateral and/or guarantees, as an additional protection for the bondholders.

The presented credit rating does not relate to the credit risk (or probability of default) of the bond Issuer. The rating concerns the risk of an ultimate loss of a part or all of the secured bonds' principal amount and the interest by the bondholders in the event of a default of the bond issuer.

The methodology used for this rating is available on the EuroRating's website at:
https://www.eurorating.com/en/ratings/methodology/credit-risk-assessment-methodology

The rating definitions and the rating scale used by EuroRating are published on the agency's website at: https://www.eurorating.com/en/ratings/rating-scale

Historical default rates of the EuroRating credit rating agency can be viewed in the rating performance report at: http://www.eurorating.com/en/ratings/statistics

EuroRating's definition of default as well as definitions of rating notations can be found in the agency's website at: http://www.eurorating.com/en/ratings/methodology/definition-of-default

Public status of the assigned credit rating for the bond issue

The presented credit rating for the bond issue of Raptor Capital International plc is a public rating. The date of the first publication of the rating, the current rating level and the full rating history are published free of charge on the EuroRating credit rating agency website in the section "Credit ratings", in the appropriate tab on the rated security/entity. EuroRating is not responsible for information on the current rating provided by the rated entity or any third party.

Solicitation, key sources and quality of information

The presented credit rating was solicited by the bond issuer – Raptor Capital International plc. EuroRating received remuneration for the assigning and subsequent monitoring of the rating. The bond issuer and/or its agents have participated in the rating process by providing the EuroRating credit rating agency documents, data, information and explanations concerning its economic and financial situation of the bond Issuer, of the principal borrower, as well as on the assessed bond issue.

The main sources of information used in the rating process were financial statements and forecasts of the bond issuer and of the principal borrower (Raptor Capital International Ltd), the bond memorandum ("Listing particulars") and other data, information and explanations provided by the bond issuer and/or its agents.

Prior to the issuance of the rating or outlook action, the bond issuer was given the opportunity to review the rating and/or outlook and the principal grounds on which the credit rating and/or outlook is based. Following that review, the rating was not amended before being issued.

Key rating assumptions

Raptor Capital International plc is a special purpose vehicle and was established for a specific purpose – to raise funds for the company Raptor Capital International Ltd, which intends to invest in gold mining and processing projects.

The issuer is a new company with no financial history and in addition its credit risk will depend on the financial condition and the credit risk of the principal borrower, which will receive the proceeds from bonds – Raptor Capital International Ltd. Therefore, the credit risk analysis of the issuer was to a large extent based on the analysis of the principal borrower.

As the principal borrower plans to invest the proceeds from bonds in royalty and streaming contracts with gold mining companies, which should completely change its financial situation as compared to the situation before the bond issue, the analysis and the assigned credit rating are based both on the historical and current financial situation of the principal borrower, as well as on its forecasts for the future.

EuroRating considers the scope and quality of available information on the rated entity (and related parties – including in particular the principal borrower), as well as on the bond issue, as sufficient to issue a reliable credit rating. EuroRating takes all necessary measures to ensure that obtained information used in the rating process is of proper quality and is derived from sources deemed by the agency as reliable. Nevertheless, EuroRating does not have a possibility to verify or to confirm in each case the correctness and authenticity of obtained data and information used in the rating process and/or presented in this report.

The credit rating for the bond issue of Raptor Capital International plc was issued by EuroRating with the basic assumption that the bond issue will ultimately be carried out successfully (otherwise the company will have no assets nor liabilities and the assigned credit rating for the bond issue will not be applicable).

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