

FOR IMMEDIATE RELEASE

10 August 2017

Rainbow Rare Earths Ltd ('Rainbow' or 'the Company') (LSE: RBW) Exceptional Rare Earth Grades Confirmed

Rainbow, the rare earth element mining company, is pleased to announce that independent laboratory testing recently undertaken in respect of its 'main vein' at Gasagwe has returned an average Total Rare Earth Oxide ("TREO") grade of 62.17%. Gasagwe is the area within the Company's 39km² mining licence which is expected to provide ore for the first two years of production, which is targeted to commence in Q4 2017.

The grade compares extremely favourably to the average grade of 57% contained within mineralised veins across the Company's Gakara Rare Earths Project in Burundi ("Gakara") as disclosed in the Competent Person's Report compiled by MSA contained in Rainbow's IPO Prospectus published in January 2017.

Highlights

- Testing indicates grades at Gasagwe are 62.17% TREO (compared with 57% average grade over the entire Gakara project area) confirming Gakara is one of the highest grade rare earth element mining projects globally
- Rainbow's basket price has increased by 33% during 2017 following strengthening REE prices
- Very low levels of uranium and thorium confirmed
- Gakara remains on target to produce first rare earth concentrate in Q4 2017

Martin Eales, CEO of Rainbow, commented: "This really is fantastic news. We always knew that the Gakara Project was capable of delivering grades far in excess of industry norms, but to get this level of average TREO content from our first mining area is a wonderful boost as higher grade means that we shall achieve higher prices for each tonne of concentrate sold.

"Taking into account the continued strengthening of rare earth prices over recent months, the Gakara Project continues to add to its excellent potential. We are now gearing up towards our first production and sales of high-grade concentrate through our multinational distribution partner thyssenkrupp Raw Materials in Q4 2017."

Laboratory Testing of Gasagwe ore

These samples are part of the grade control programme of systematic sampling of the orebody and represent the upper 2m of the Rare Earth Element ("REE") vein, exposed 80m along strike to be mined first. This run of mine ("ROM") ore from Gasagwe is expected to be

processed and sold before the end of 2017 as soon as construction and commissioning of the Company's processing plant has been completed. Based on the plant design process, it is anticipated that the grade of rare earth concentrate produced by the plant should exceed that of the ROM feed, which further increases the attractiveness of Rainbow's product to customers.

The detailed breakdown of the individual rare earth oxides elements within the Gasagwe main vein on a TREO basket basis is as follows:

REE Oxide	Grade (100% basis)
Lanthanum Oxide	30.59%
Cerium Oxide	48.07%
Neodymium Oxide	14.75%
Praseodymium Oxide	4.37%
Samarium Oxide	1.32%
Gadolinium Oxide	0.47%
Dysprosium Oxide	0.05%
Europium Oxide	0.21%
Yttrium Oxide	0.13%
Terbium Oxide	0.02%
Erbium Oxide	0.01%
Holmium Oxide	0.01%

Applying the average grades above to recent published prices for rare earth oxides would imply a basket price for the ROM ore of approximately US\$13.18 per kg on a 100% basis (before processing into concentrate). This basket price has risen by approximately 33% already in 2017 due to strengthening REE prices.

Due to the further processing and separation work required to be undertaken on Rainbow's mineral concentrate, customers will pay a discounted price to the basket price, which in each case will be subject to commercial negotiation.

The laboratory testing further confirmed the very low Uranium and Thorium contents of the ROM ore, with averages of 0.005% and 0.004% respectively.

Notes on laboratory testing

The laboratory testing was undertaken by ALS Chemex using its facilities in Canada and reviewed 20 individual ore samples taken from the main vein at Rainbow's Gasagwe area of

operations. The analytical method used by ALS Chemex was the ME-MSH81h (high grade REE by lithium meta-borate fusion and ICPMS) and the ME-OGREE for over the limit assays.

Progress of Gakara Project

The Gakara Project is proceeding well, and remains on track to produce first concentrate during Q4 2017 for sales through its multinational distribution partner thyssenkrupp Raw Materials. At the Kabezi plant site civils are well underway and the first containers of plant components have been dispatched from South Africa ahead of assembly during September and October 2017. At the Gasagwe mine site, work continues to expose the main vein ahead of full scale mining operations.

Rainbow has created a Gallery section on its website (<http://rainbowrareearths.com/gakara-project/gallery/>) for investors to review photographs of recent progress.

****ENDS****

For further information, please contact:

Rainbow Rare Earths Ltd	Martin Eales	Tel: +44 (0) 20 3910 4550
St Brides Partners Ltd	Lottie Brocklehurst Susie Geliher	Tel: +44 (0) 20 7236 1177
Daniel Stewart & Co Plc	Jon Levinson Nikhil Varghese	Tel: +44 (0) 20 7776 6564
Hannam & Partners	Neil Passmore Brent Nabbs	Tel: +44 (0) 20 7907 8500

Notes to Editors:

Rainbow's focus is the Gakara Project in Burundi, one of the highest-grade (47-67% Total Rare Earth Oxide) rare earths projects globally. In January 2017, the Company raised US\$8 million to fast-track the fully permitted Gakara Project to production ahead of targeted first sales of concentrate by the end of 2017. Rainbow has a ten-year distribution and offtake agreement with multinational thyssenkrupp Raw Materials secured for the sale of at least 5,000 tpa of concentrate produced. The Gakara basket is weighted heavily towards the magnet rare earths, including neodymium and praseodymium, which are driving demand and account for

70% of annual global REE sales due to their use in vital components in motors, generators, wind turbines, and electric vehicles.