

## **FOR IMMEDIATE RELEASE**

10 January 2018

### **Rainbow Rare Earths Ltd ('Rainbow' or 'the Company') (LSE: RBW) Commencement of Drilling Programme & Production Update**

Rainbow, the high grade rare earth producer, is pleased to announce the commencement of a drilling programme at its Gakara Project in Burundi ('Gakara') with the objective of supporting the mine plan for the currently productive areas of the licence and exploring the significant geological anomalies identified in 2017.

Gakara is one of the highest grade rare earth element mining projects globally, with an estimated in situ grade of 47-67% Total Rare Earth Oxide ('TREO'), and the only producing rare earths mine in Africa.

A new Q1 2018 corporate presentation has been uploaded to the Rainbow website and can be found on the following link: <http://rainbowrareearths.com/investors/corporate-documents/>.

#### **Drilling Programme**

Drilling contractors have been engaged and the first phase of the drilling programme will continue through Q1 2018. It will focus on improving the understanding of current production area at Gasagwe as well as exploring the geophysical anomalies identified by the airborne survey completed in November 2017, plus Kiyenzi, where a large sill-like oval structure potentially 22m thick and 80m x 100m in size was discovered by a ground gravity survey earlier in the year.

Should these drill results prove positive, a second phase of drilling will take place during Q2 and Q3 2018, with the aim of producing a JORC-compliant resource statement in H2 2018.

#### **Production**

Following the announcement of the first shipment of concentrate on 5 December 2017, a further two shipments have now taken place. Production ramp-up has been proceeding according to plan, with the target of hitting a run rate of 5,000 tpa by the end of 2018.

In addition, work has begun to procure the capital equipment needed to increase production more rapidly, following the successful fundraising concluded in December 2017.

## Updates during 2018

The results of each stage of the drilling campaign will be released as soon as the information is available, with first phase information expected in April 2018.

In addition to full year and interim financial results, the Company intends to release quarterly production and cost updates during the month following each quarter end; the first quarterly update should therefore be expected in April 2018.

**Martin Eales, CEO of Rainbow, commented:** “2017 was a year of delivery for Rainbow which saw us hit all of our targets on budget and on schedule to become a high-grade concentrate producer at the only producing rare earths mine in Africa. 2018 is set to be a year of growth with commercial production and sales now underway.

“With the forecast demand in electric vehicles driving the growth for REEs and a strong cash balance following an oversubscribed institutional fundraising in December, we are in an excellent position to accelerate development at Gakara. As such we are now commencing a drill programme to include the four exciting anomalies we identified in Q4 2017 and with a view to potentially delivering a maiden JORC Resource in the second half of 2018 and reaching our new production target of 6,000 tpa during 2019. I look forward to reporting on our exploration programme as we continue to ramp up production at Gakara over the course of 2018.”

**\*\*ENDS\*\***

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### 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 and the only African producer.

The Company began production of rare earth concentrates in Q4 2017 and is currently ramping up to a targeted run rate of 5,000tpa by the end of 2018 and 6,000tpa by the end of 2019. Rainbow has a ten-year distribution and offtake agreement with multinational thyssenkrupp Raw Materials secured for the sale of at least 5,000tpa 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.