

THIS ANNOUNCEMENT (INCLUDING THE APPENDIX) AND THE INFORMATION CONTAINED HEREIN IS RESTRICTED AND IS NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION, IN WHOLE OR IN PART, DIRECTLY OR INDIRECTLY, IN, INTO OR FROM THE UNITED STATES, AUSTRALIA, CANADA, JAPAN, THE REPUBLIC OF IRELAND, THE REPUBLIC OF SOUTH AFRICA OR ANY OTHER JURISDICTION IN WHICH SUCH RELEASE, PUBLICATION OR DISTRIBUTION WOULD BE UNLAWFUL.

THIS ANNOUNCEMENT IS FOR INFORMATION PURPOSES ONLY AND DOES NOT CONSTITUTE OR CONTAIN ANY INVITATION, SOLICITATION, RECOMMENDATION, OFFER OR ADVICE TO ANY PERSON TO SUBSCRIBE FOR, OTHERWISE ACQUIRE OR DISPOSE OF ANY SECURITIES IN RAINBOW RARE EARTHS LIMITED OR ANY OTHER ENTITY IN ANY JURISDICTION. NEITHER THIS ANNOUNCEMENT NOR THE FACT OF ITS DISTRIBUTION SHALL FORM THE BASIS OF, OR BE RELIED ON IN CONNECTION WITH, ANY INVESTMENT DECISION IN RESPECT OF RAINBOW RARE EARTHS LIMITED.

THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION FOR THE PURPOSES OF THE MARKET ABUSE REGULATION (596/2014/EU). IN ADDITION, MARKET SOUNDINGS (AS DEFINED IN MAR) WERE TAKEN IN RESPECT OF CERTAIN OF THE MATTERS CONTAINED IN THIS ANNOUNCEMENT, WITH THE RESULT THAT CERTAIN PERSONS BECAME AWARE OF SUCH INSIDE INFORMATION, AS PERMITTED BY MAR, UPON THE PUBLICATION OF THIS ANNOUNCEMENT. THIS INSIDE INFORMATION IS NOW CONSIDERED TO BE IN THE PUBLIC DOMAIN AND SUCH PERSONS SHALL THEREFORE CEASE TO BE IN POSSESSION OF INSIDE INFORMATION.

For immediate release

12 December 2017

**Rainbow Rare Earths Limited
("Rainbow" or the "Company")**

Result of Oversubscribed Placing

Further to the announcement made earlier today, Rainbow is pleased to announce a conditional placing (the "**Placing**") of 20,000,000 new ordinary shares (the "**Placing Shares**") to raise £2.8 million (before expenses) with new and existing shareholders at an Issue Price of 14 pence per Placing Share (the "**Placing Price**"). The Placing Price represents a discount of approximately 8 per cent. to the closing middle market price of 15.25 pence per Existing Ordinary Share on 11 December 2017, the last business day before the announcement of the Placing.

Application will be made for the Placing Shares to be admitted to the Official List and to trading with effect from 19 December 2017.

Martin Eales, Chief Executive of Rainbow, said:

"We are delighted with the strong support that we have received for this fundraising exercise, and we are pleased to welcome a number of new institutional shareholders to the register. 2017 has been a transformational year for us as we delivered on our overarching objective achieving first production and sales of rare earth concentrate from Gakara within 11 months. Looking now to 2018, our focus will increasingly include the development of new areas of mineralisation, and the identification of future sources of ore to ensure we have a long-term, sustainable mine producing high grade concentrate from multiple open pit operations. We

have already begun this process, reporting significant exploration upside at Gakara through a recently completed airborne magnetic survey, and utilising these new funds, we will be able to implement a drilling campaign on these exciting anomalies in addition to accelerating our productions plans."

Total voting rights

Following the issue of the Placing Shares the Company will have 174,626,472 Ordinary Shares in issue.

The above figure of 174,626,472 Ordinary Shares may be used by shareholders as the denominator for the calculations by which they will determine if they are required to notify their interest in, or a change to their interest in, the Company under the FCA's Disclosure and Transparency Rules.

Capitalised terms used in this Announcement shall have the meanings given to such terms in the Company's announcement this morning.

For further information please contact:

Rainbow Rare Earths Ltd	Martin Eales	Tel: +44 (0) 20 3910 4550
Arden Partners plc	William Vandyk Benjamin Cryer	Tel: +44 (0) 20 7614 5900
Hannam & Partners (Advisory) LLP	Neil Passmore Arabella Burwell Ben Newman-Sanders	Tel: +44 (0) 20 7907 8500
St Brides Partners Ltd	Lottie Wadham Susie Geliher	Tel: +44 (0) 20 7236 1177

This information is provided by RNS
The company news service from the London Stock Exchange

END

IOEUUVARBWAUAAA