

FOR IMMEDIATE RELEASE

30 April 2018

Rainbow Rare Earths Ltd ('Rainbow' or 'the Company') (LSE: RBW) Phase 1 Exploration Drilling Confirms Additional Rare Earth Mineralisation

Rainbow, the Rare Earth Element ('REE') mining company, is pleased to announce its first update from its maiden drilling campaign at its Gakara Project in Burundi ('Gakara'). 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 Company is targeting to ramp up production to an annualised rate of 5,000 tonnes per year (approximately 400 tonnes per month) by the end of calendar year 2018.

Highlights

- Kiyenzi target drill holes contain multiple intersections up to 2 metres thick of breccia mineralisation, with initial testing confirming the presence of multiple intersections of high grade REE
- Drilling of airborne magnetic anomaly targets now underway with the results expected in June alongside laboratory sample test results from Kiyenzi
- Encouraged by Kiyenzi results, Rainbow will now proceed with the Phase 2 exploration campaign with an aim of delivering a code-compliant resource by the end of 2018

Martin Eales, CEO of Rainbow, said: "The majority of the drill holes completed to date have been focused on just the first of five targets at Kiyenzi and we are excited to have already discovered new rare earth mineralisation, up to 2 metres thick in some cases. The discovery of REE-mineralised breccias is significant as it proves that the Gakara project has potential to include sizeable deposits over and above existing well-known vein stockworks.

"The coming months are set to be highly active on the ground. In conjunction with the on-going production and sales of high-grade concentrate from the Gasagwe deposit, we will be completing the Phase 1 targets over the coming weeks, and we are already planning for and committed to Phase 2 of the drill programme with the target of delivering a code-compliant resource estimate by the end of Q4 2018. I look forward to reporting the results of our exploration efforts with a view to expanding on our current mining operations at Gakara."

Phase 1 Drilling Campaign

As announced on 10 January 2018, Rainbow's Phase 1 drilling campaign commenced in the first quarter of this year and targets a) the current production site at Gasagwe, b) the Kiyenzi prospect, where a high-priority gravity anomaly had been found, and c) a number of anomalies revealed by the airborne magnetic survey flown in Q4 2017. In line with its previously communicated update

schedule, Rainbow today announces the initial findings from Phase 1, together with the timeline to complete the current exercise, and commits to Phase 2 in the second half of 2018, with the aim of reaching a code-compliant mineral resource estimate by the end of the year.

Gasagwe

A total of three diamond drill holes, for a combined 150m, were completed at Gasagwe, Rainbow's current mining area, with the aim of confirming the dip and extent of veins already exposed and mined at surface. Results from these holes consolidated Rainbow's knowledge of the Gasagwe pit and have been incorporated into the mine plan for the coming months.

Kiyenzi

The Kiyenzi target was deemed to be the highest priority for the Phase 1 drilling campaign based on both the identification of a large gravity anomaly in 2017, and the discovery of a number of high-grade boulders at surface towards the lower part of the hill, which are indicative of erosion from in-situ REE sources.

Ten diamond drill holes were completed at Kiyenzi, a total which was increased beyond the initial plan due to favourable results. Five of the ten holes encountered REE mineralisation over multiple intersections. Mineralisation was initially visually identified as bastnaesite/monazite (the rare earth carrying minerals) and then tested in the field with a hand held Niton XRF analyser. In a number of intersections, testing was indicative of the high REE grades Rainbow has discovered elsewhere at Gakara and consistent with grades contained in the previously analysed Kiyenzi boulders. Multiple core samples will now be laboratory tested to confirm the precise nature of these intersections.

Unlike the cleaner veins currently being mined at Gasagwe, the intersections revealed in the Kiyenzi drill core are 'breccias' that vary in thickness from a few centimetres up to 2 metres. The shallowest mineralised intersection was at just 2 metres below the surface and the deepest at 32 metres. Due to the intrinsic heterogeneous nature of breccias, the intersections may contain lower global grades on a TREO basis per tonne of *in situ* rock than a cleaner narrow vein; however, it is likely that, considering the apparent sizeable widths of the intersections, this material will be more amenable to mechanised extraction at greater volumes than Gasagwe.

Discovery of a breccia formation is another strong geological signal that Gakara's REE veins emanate from a carbonatite source or complex, which is also the basis for targeting the magnetic anomalies identified from the airborne survey.

Completion of Phase 1

Alongside the laboratory testing of approximately 100 samples of Kiyenzi drill core, Rainbow now intends to complete the current Phase 1 drilling campaign by moving the rig to drill the four remaining airborne magnetic anomalies (which range from 300 metres to 2,700 metres in diameter), which will be completed by the end of June 2018.

Commitment to Phase 2 campaign

Rainbow is sufficiently encouraged by the results from Kiyenzi to commit now to Phase 2 of the exploration campaign in H2 2018, which will comprise approximately 750 metres of further core drilling, focused on Kiyenzi. Should the mineralisation discovered to date prove sufficiently consistent, Rainbow intends to model and report a code-compliant resource in Q4 2018. The Phase 2 drilling campaign will be complemented by further trenching and terracing at Kiyenzi, particularly of the shallow intersections, together with mineralogy and metallurgy testing of the breccia material.

****ENDS****

For further information, please contact:

Rainbow Rare Earths Ltd	Martin Eales	Tel: +44 (0) 20 3910 4550
St Brides Partners Ltd	Lottie Wadham Susie Geliher	Tel: +44 (0) 20 7236 1177
Arden Partners plc	Paul Shackleton Benjamin Cryer	Tel: +44 (0) 20 7614 5900

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.