

**FOR IMMEDIATE RELEASE**

24 April 2018

**Rainbow Rare Earths Ltd ('Rainbow' or 'the Company') (LSE: RBW)  
Gakara Production and Operations Update for the Three Months to 31 March 2018**

Rainbow, the rare earth element mining company, is pleased to announce its first quarterly operations update from its Gakara Project in Burundi ('Gakara') since commencing production in December 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 Company is targeting a production rate of 5,000tpa by the end of 2018.

**Results for the Three Months to 31 March 2018**

<b>Quarter ended</b>	<b>31 March 2018</b>
Concentrate tonnes produced	279
Grade TREO per tonne concentrate	62%
Realised sales price achieved (US\$ per tonne)	2,357
Production cost per tonne (US\$ per tonne)	2,068
Cost of sales (US\$ per tonne)	646
Lost Time Injury Frequency Ratio ('LTIFR')	0.00

**Martin Eales, CEO of Rainbow, said:** *"Following completion of our first full quarter of production we are still on track to ramp up operations to our target of approximately 400 tonnes per month of rare earth concentrate by the end of the calendar year. Going forward this increased productivity will enable us to reduce our production costs per tonne significantly. Furthermore, I'm pleased with the consistent exceptionally high grades of the concentrate produced during these first months of mining at Gakara which is the only producing rare earths mine in Africa and one of the few outside of China.*

*"During this busy quarter we also embarked on our maiden drilling campaign to explore the anomalies identified towards the end on 2017. I look forward to providing initial drill results in the near future."*

**Production update for period to 31 March 2018**

As announced in December 2017, Rainbow successfully produced and exported its first 25 tonne batch of high grade rare earth concentrate and commenced commissioning of its gravity processing plant.

The processing plant at Kabezi was fully commissioned and handed over during the quarter, and the ramp-up to full production has now begun. 279 tonnes of concentrate were produced in the three months to 31 March 2018 following 75 tonnes produced in December 2017, however now that construction and commissioning has been completed, production levels are expected to increase steadily over the rest of the year, as mining and processing methodologies are tested and optimised.

The average grade of concentrate produced was 62% TREO, as assessed by a third party accredited laboratory on Rainbow's behalf. The grades were consistent during the period, reporting in a range of 61-64%.

All run of mine ore ('ROM') processed into concentrate during the quarter by the plant at Kabezi was sourced from the Gasagwe pit. Rainbow is now developing highly attractive additional sources of ROM ore within the Gakara Mining Licence area in order to reach its target run rate of 5,000 tonnes per annum (approximately 400 tonnes per month) by the end of 2018. These areas are now expected to be in operation in advance of Gashirwe, the originally planned second mining area, due to their vein prospectivity and speed of development. Further information on these new mining areas will be provided in the quarterly report to 30 June 2018.

### **Production costs**

Production costs (including Burundi support costs) of US\$2,068 per tonne of concentrate produced were relatively high, as expected, and will reduce significantly as production rates increase and the element of fixed costs is spread over larger tonnages.

### **Sales costs**

Sales costs in the period amount to US\$646 per tonne of concentrate sold. These consisted of transport and shipment costs, the 3.5% marketing and handling fee payable to thyssenkrupp Raw Materials ('TK'), and government royalties of 4%.

### **Realised Sales Price**

The average realised sales price was US\$2,357 per tonne during the period, based on 125 tonnes of concentrate sold. Rainbow sells its concentrate to TK at port in Africa (currently Mombasa), and TK concluded sales with two separate end customers in the quarter.

Shipment and clearance of these initial deliveries took longer to process, as anticipated, however no problems were encountered, and subsequent sales cycles are likely to be considerably quicker.

The market for magnet rare earths (in particular Neodymium and Praseodymium which make up approximately 19% of the TREO within Rainbow's concentrate) remains buoyant, and there are strong indications of customer demand for all of Rainbow's planned production increases.

As previously announced, selling prices for Rainbow's concentrate are negotiated with reference to TREO grade and published prices for separated rare earth oxides and applying a customer discount for processing costs. The average sales price of concentrate realised during the Period of US\$2,357 per tonne compares with Rainbow's average 'basket price' during the quarter of US\$13,360 per tonne on a 100% TREO basis. The difference reflects both the average TREO grade in the period (62%), and the negotiated discount for downstream separation costs.

Rare earth oxide prices strengthened considerably during the quarter after dipping towards the end of 2017, with Rainbow's basket increasing 11% from US\$12,270 per tonne (US\$12.27/kg) as at 31 December 2017 to US\$13,570 per tonne (US\$13.57/kg) as at 31 March 2018.

### **Operational Health & Safety**

Rainbow maintained a LTIFR of 0.00 during the Quarter and as at the end of the Quarter had achieved over 750,000 man hours free from Lost Time Injury since commencement of operations in April 2017.

### **Exploration**

Rainbow's maiden drilling campaign commenced during the quarter, targeting a gravity anomaly identified at Kiyenzi and a number of magnetic anomalies identified by an airborne survey undertaken in 2017. The Company expects to announce first results from the Phase 1 drilling around the end of April.

**\*\*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.