

FOR IMMEDIATE RELEASE

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Rainbow Rare Earths Ltd ('Rainbow' or 'the Company') (LSE: RBW) Extremely Positive Laboratory Results Confirm Multiple High-Grade Intersections

Rainbow, the Rare Earth Element ('REE') mining company, is pleased to announce an 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* vein 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

- Laboratory results from the Kiyenzi drill cores have confirmed initial field analysis of the presence of multiple intersections of high grade REE
- Test highlights include 6.5m @ 7.1% TREO (including 44cm @ 35.3% TREO) and 1m @ 27.8% TREO (including 50cm at 30.34% TREO)
- Mineralisation at Kiyenzi is contained within a breccia pipe structure, in which REE minerals are interspersed with non REE-containing rocks. This implies lower average grades per tonne, but much wider mineralised zones and therefore greater tonnages, and simpler, faster mining
- As previously announced, 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: "We were anticipating some exciting mineralisation at Kiyenzi following our original field testing, and these laboratory results now confirm it. The thickness of the breccia deposit is likely to add many more tonnes to our code-compliant resource, targeted for this year, and should also be better suited to mechanised mining.

"Phase 2 drilling starts within the next month at Kiyenzi and we look forward to incorporating these results, as well as other areas within the Gakara project, into our targeted maiden resource later this year with a view of further ramping up our production of REE concentrate in the near-term to achieve our 6,000tpa run rate target by the end of 2019."

Phase 1 Drilling Campaign

Rainbow's Phase 1 drilling campaign commenced in the first quarter of this year and targeted 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. On 30 April 2018 Rainbow announced details of drilling at the Gasagwe mining site and the Kiyenzi target, as well as outlining plans for the completion of Phase 1 drilling and the laboratory testing of over 90 Kiyenzi drill core samples.

Kiyenzi laboratory results

As previously announced, five drill holes at Kiyenzi encountered REE mineralisation over multiple intersections. Mineralisation was initially visually identified as bastnaesite/monazite (the rare earth carrying minerals) and tested in the field with a hand held Niton XRF which indicated REE mineralisation. Over 90 core samples have now been laboratory tested to confirm the precise nature of these intersections and the results are extremely encouraging with selected results shown below.

Hole ID	From (m)	To (m)	Width (m)*	Grade – TREO%
GAK_DD_10	7.00	7.72	0.72	7.72% including 17cm at 10.98%
GAK_DD_10	19.00	19.12	0.12	15.23%
GAK_DD_11	26.50	33.00	6.50	7.10% including 44cm at 35.32%
GAK_DD_12	1.97	2.20	0.23	18.25%
GAK_DD_12	10.40	10.80	0.40	2.84%
GAK_DD_12	12.05	12.09	0.04	5.36%
GAK_DD_13	2.61	3.59	0.98	2.79%
GAK_DD_13	23.75	24.75	1.00	27.81% including 50cm at 30.34%

(All holes were drilled with a 50° dip)

Unlike the cleaner veins currently being mined at Gasagwe (typically averaging 3cm to 15cm), the intersections revealed in the Kiyenzi drill core are ‘breccias’ that vary in thickness and are much more heterogeneous. As anticipated in the 30 April 2018 announcement, the intersections 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 and other similar narrow vein areas within the Gakara Project.

Completion of Phase 1

Rainbow completed the Phase 1 campaign by drilling the remaining airborne magnetic anomalies that were identified in Q4 2017. Holes were drilled up to 150m on the five selected targets but no further evidence of REE mineralisation was discovered in these holes which may suggest an alternative location for the carbonatite source of the high grade REE veins or that it is at a depth not encountered by the drill holes.

Some highly magnetic units were intersected at various depths in the holes which are likely to have contributed to the magnetic anomalies suggested by the airborne survey.

Commencement of Phase 2 campaign

As confirmed in April 2018, Rainbow intends to start Phase 2 of the exploration campaign in July 2018, which will comprise approximately 750 metres of further core drilling at Kiyenzi. Should the mineralisation discovered to date prove sufficiently consistent, Rainbow intends to model and report a code-compliant resource by the end of 2018 which will additionally include further resource tonnes at Gasagwe and the next planned mining area. The Phase 2 drilling campaign will be complemented by further trenching and terracing at Kiyenzi, particularly of the shallow intersections, together with mineralogical and metallurgical testing of the breccia material.

****ENDS****

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Notes to Editors:

Rainbow's focus is the Gakara Project in Burundi, one of the highest *in situ* vein 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 Materials Trading 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.