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FOR IMMEDIATE RELEASE

8 August 2018

**Rainbow Rare Earths Ltd (“Rainbow” or the “Company”) (LSE: RBW)
Cooperation Agreement to Fund Downstream Rare Earth Separation DFS
and combined Capital Raising of approximately £1.6m (US\$2.0m)**

Rainbow, the rare earth element mining company, is pleased to announce it has entered into a Cooperation Agreement (“the Cooperation Agreement”) with TechMet Limited (“TechMet”) to fund a Definitive Feasibility Study (“DFS”) for downstream rare earth separation. Additionally, TechMet has agreed to subscribe US\$0.50 million (“the TechMet Subscription”) for new Ordinary Shares alongside a proposed placing by way of an accelerated bookbuild to raise approximately £1.6 million (US\$2.0 million) at a price of not less than 12p per Ordinary Share (“the Placing”) (the Placing and the TechMet Subscription being together, the “Capital Raising”).

Transaction highlights

- Cooperation Agreement entered into with TechMet by which the parties intend to form a joint venture that will undertake a DFS focused on a downstream rare earth separation business capable of processing Rainbow’s high grade rare earth concentrate;
- Under the terms of the Cooperation Agreement, after completion of an initial scoping exercise, TechMet will fund the full costs of the DFS on a reimbursable carry basis up to US\$3.0 million;
- In addition TechMet has agreed to subscribe US\$0.5m for new Ordinary Shares;
- The TechMet Subscription Shares will be subject to a 12 month lock-in;
- Alongside the TechMet Subscription, the Company intends to raise further proceeds of approximately US\$1.5m (before expenses) through a Placing of new Ordinary Shares arranged by Arden Partners plc with new and existing investors at a price of not less than 12p per Ordinary Share;
- It is the intention of certain of the Directors of Rainbow to subscribe for approximately \$0.6 million in the Placing;
- Net proceeds of the Combined Capital Raising will be applied in the following principal areas:

- Mining development at Murambi, the Company's second mining area due to commence production in Q4 2018;
- Exploration and development of Gomvyi, potentially the Company's third mining area; and
- Additional working capital.

Martin Eales, Chief Executive Officer of Rainbow said: *"We are extremely pleased to have entered into this Cooperation Agreement, recognising the potential positive financial impact it may have on the Company given the much higher selling prices for processed rare earths compared to the mixed concentrate that Rainbow currently sells. A fully funded DFS is very much in line with our strategy to extend our operations "downstream".*

"The proceeds from the Combined Capital Raising will be directed towards the near term development of our second mining area, Murambi, that is due to start production later this year, but also be used for exploration and development at Gomvyi, a very promising potential third mining area and for strengthening Rainbow's working capital."

Brian Menell, Chairman and Chief Executive Officer of TechMet said: *"Rainbow is one of the most exciting emergent players in the rare earth space, and the opportunity for our company to invest in its development, and specifically to jointly explore processing opportunities, is of considerable strategic value to TechMet as we expand our portfolio. I believe that the expertise of our team, and our sources of financing are very complimentary to those of Rainbow, and that our partnership will add considerable value to our respective strategies".*

Cooperation Agreement with TechMet

TechMet is a private company investing in projects producing, processing and recycling strategic "technology metals". Its focus is on the supply pipeline of the metals benefitting from the exponential growth in demand due to disruptive technologies such as batteries, electric vehicles and renewable energy, where the sources of supply are concentrated in a few hands and are not efficiently scalable. TechMet has interests in producing or development assets covering lithium, tin, nickel, cobalt and tungsten, with projects across a number of African countries and in North and South America.

The TechMet management team has extensive experience of project development and funding from mineral exploration through to production, and value-added processing.

Rainbow and TechMet have entered into the Cooperation Agreement which envisages the following:

- Subject to completion of an initial scoping exercise, Rainbow and TechMet will form a joint venture to commission and produce a DFS in respect of a downstream rare earth processing and separation business capable of treating concentrate from Rainbow's Gakara Project in Burundi;
- TechMet will fund all of the costs of the DFS on a reimbursable carry basis up to US\$3.0m;

- The TechMet Subscription whereby TechMet has agreed to subscribe US\$0.5m for new Ordinary Shares at the Placing Price. The TechMet Subscription Shares will be subject to a 12 month lock-in; and
- Subject to and following the initial DFS scoping exercise, TechMet and Rainbow expect to commence formation of the joint venture and the work programme for the DFS within 6 months.

It has long been part of Rainbow's strategy to extend its operations 'downstream' and thereby benefit from the higher sales values that can be achieved by selling a product that has been subject to more processing than the existing mixed rare earth concentrate. Given the near term focus on the continued ramp up of its mining activities in Burundi, the Cooperation Agreement will accelerate Rainbow's ability to accurately assess and subsequently participate in and benefit from the processing of its own rare earth concentrate.

The funding structure contained in the Cooperation Agreement ensures that TechMet 'carries' Rainbow's contribution to the joint venture until after the completion of the DFS.

Further details of the Placing

Arden is acting as broker and bookrunner in connection with the Placing.

The Placing, which will be undertaken by way of an accelerated bookbuild, will be launched immediately following the release of this Announcement and will be made available to eligible existing institutional shareholders and new institutional investors. The timing of the closing of the Bookbuilding Process will be at the sole discretion of Arden Partners. The completion of the Bookbuilding Process containing details of the Placing Price, the number of Placing Shares and the number of TechMet Subscription Shares will be announced as soon as practicable.

The Placing is subject to the terms and satisfaction of certain conditions set out in the Placing Agreement. Investors' participation in the Placing is subject to the terms and satisfaction of certain conditions set out in the appendix (the "**Appendix**") to this Announcement. The Placing is not underwritten.

Under the terms of the Placing, the Company intends to place the Placing Shares with eligible existing institutional shareholders and new institutional investors. Members of the public are not entitled to participate in the Placing.

By choosing to participate in the Placing and by making an oral legally binding offer to acquire Placing Shares, investors will be deemed to have read and understood this Announcement in its entirety, including the Appendix, and to be making such offer on the terms and subject to the conditions contained herein and to be making the representations, warranties, undertakings and acknowledgements contained in the Appendix.

The Placing Shares, when issued, will be fully paid and will rank *pari passu* in all respects with the Existing Ordinary Shares, including the right to receive all dividends and other distributions declared, made or paid after the date of issue.

Application will be made for the Placing Shares and the TechMet Subscription Shares to be admitted to the standard listing segment of the Official List and to trading on the main market for listed securities of the London Stock Exchange plc

Admission is expected to take place on or around 8.00 a.m. on 16 August 2018 and settlement is expected to occur on or around 16 August 2018. The Placing is conditional on, *inter alia*, the Placing Agreement becoming unconditional in all respects and Admission becoming effective on or before 8.00 a.m. on 16 August 2018 (or such later time and/or date as the Company and Arden may agree). The Placing is conditional on the TechMet Subscription.

The Appendix sets out further information relating to the Placing and the terms and conditions of the Placing.

This Announcement should be read in its entirety. In particular, you should read and understand the information provided in the "Important Notices" section of this Announcement and the detailed terms, conditions and additional information relating to the Placing described in the Appendix.

Background to and reasons for the Capital Raising

Rainbow's focus is the Gakara Project, one of the highest-grade (47%-67% total rare earth oxide) rare earths projects globally. The Company listed on the standard segment of the official list and to trading on the main market of the London Stock Exchange in January 2017 with the intention to fast-track the fully permitted Gakara Project to first production and export of rare earth concentrate by the end of 2017, which was achieved as planned.

Net funds of US\$3.5m raised in December 2017 were applied as intended to the purchase of new mining equipment, an expanded exploration and drilling campaign and production development. The Exploration campaign in particular has delivered positive results for shareholders, particularly the drilling undertaken at Kiyenzi which is now in 'Phase 2' and will serve as the foundation for the Company's targeted maiden JORC Resource statement in the fourth quarter of 2018.

In the period from first production of concentrate in December 2017 to 30 June 2018 the Company exported 575 tonnes of rare earth concentrate and sold 475 tonnes and remains on track to target a production run rate at the end of 2018 of approximately 400tpm. During the production ramp-up period to date in 2018, production and selling costs per tonne have exceeded revenues per tonne of concentrate, although these costs are expected to fall significantly on a per tonne basis as production scales. Given the current rate of cash consumption the Board believes that the balance sheet would benefit from additional cash in the form of equity in order to cater for the sometimes irregular sales cycle for its concentrate and ensure sufficient working capital reflecting the Company's complexity and nature of its operations.

In addition, following the Company's decision to advance mining development at Murambi rather than Gashirwe due to its more attractive characteristics for rapid delivery of ore, there has been an increase in mining fleet costs due to the greater size of the area to be exploited. Alongside this, looking further

ahead in the Company's development schedule, it is proposed to investigate the Gomvyi area to establish whether the deposit is suitable as the Company's next new mining area after Murambi.

As described above, under the Cooperation Agreement TechMet has undertaken to subscribe for US\$0.5m in new Ordinary Shares which will be subject to a 12 month lock-in. The Directors believe that the opportunity to invest further in Rainbow on equivalent terms should be extended to existing and new investors.

The Capital Raising will be limited to an issuance of approximately 14.9 million new Ordinary Shares.

The TechMet Subscription Shares, when issued, will be fully paid and will rank pari passu in all respects with the Existing Ordinary Shares, including the right to receive all dividends and other distributions declared, made or paid after the date of issue.

The TechMet Subscription Shares Admission is expected to take place on or around 8.00 a.m. on 16 August 2018 and settlement is expected to occur on or around 16 August 2018. The TechMet Subscription is not conditional on the Placing.

Current trading and prospects

The Company's Operations Update to 30 June 2018 was released on 24 July 2018. Since this date the Company has traded in line with expectations. .

As at 6 August 2018 the 'basket price' for Rainbow's concentrate was estimated to be US\$11.93/kg, which has decreased by 1.6% since 24 July 2018.

Use of proceeds

The gross proceeds of the Capital Raising, assuming the issuance of approximately 13 million new Ordinary Shares, are expected to be approximately £1.6 million (US\$2.0 million) and it is proposed that such proceeds shall be used as follows:

- Approximately US\$0.50 million to be deployed towards the near term development at Murambi
 - Murambi was confirmed in July 2018 as the Company's second mining area after an internal evaluation process ranked it more attractive for development than Gashirwe, which had originally been planned as the first additional mining area after Gasagwe
 - Murambi's mineralogy and structure is similar to Gasagwe but covers a more extensive area than Gashirwe so mining volumes and therefore fleet costs are higher
- Approximately US\$0.50 million to be deployed towards Gomvyi
 - The Company's ongoing exploration work this year has suggested that Gomvyi may provide an extremely attractive additional mining area after the start up at Murambi
 - Funds will be applied to further investigation and preparatory work in this area in order to ascertain within the coming months whether it is also ripe for accelerated development
- Up to approximately US\$1.0 million to provide working capital to strengthen the balance sheet.

The Placing

The Placing Agreement

Pursuant to the Placing Agreement, Arden has agreed to use its reasonable endeavours as the placing agent of the Company to procure subscribers for the Placing Shares at the Placing Price.

The Placing is not underwritten by Arden Partners. The Company will bear all other expenses of, and incidental to, the Placing including the fees of the London Stock Exchange, registrars' fees, all legal and accounting fees incurred by the Company and Arden and all relevant stamp duty and other taxes and duties payable.

The Placing is subject to the terms and conditions set out in the Appendix.

Expected Timetable of Events

Announcement of the Placing and Bookbuild commences	8 August 2018
Announcement of the closing of the Placing and Bookbuild	8 August 2018
Admission and commencement of dealings in the Placing Shares on the Official List	8.00 a.m. on 16 August 2018
Admission of the TechMet Subscription Shares and commencement of dealings in the TechMet Subscription Shares on the Official List	8.00 a.m. on 16 August 2018
Placing Shares credited to CREST members' accounts	16 August 2018
Despatch of definitive share certificates for the Placing Shares in certificated form	within 10 business days of Admission

Each of the times and dates above refer to London time and are subject to change by the Company. Any such change will be notified to shareholders by an announcement through a Regulatory Information Service.

Capitalised terms used but not defined in this Announcement shall have the meanings given to such terms in the section headed "Definitions" below save that any capitalised term defined in the Appendix shall have such meaning in the Appendix to the exclusion, in the Appendix only, of any definition of such term elsewhere in this Announcement.

For further information, please contact:

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

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APPENDIX

TERMS AND CONDITIONS OF THE PLACING IMPORTANT INFORMATION ON THE PLACING FOR INVITED PLACEEES ONLY

MEMBERS OF THE PUBLIC ARE NOT ELIGIBLE TO TAKE PART IN THE PLACING.

THIS ANNOUNCEMENT IS NOT AN INVITATION NOR IS IT INTENDED TO BE AN INDUCEMENT TO ENGAGE IN INVESTMENT ACTIVITY FOR THE PURPOSE OF SECTION 21 OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (AS AMENDED) OF THE UNITED KINGDOM ("FSMA"). THIS ANNOUNCEMENT AND THE TERMS AND CONDITIONS SET OUT IN THIS APPENDIX ARE DIRECTED AT AND IS ONLY BEING DISTRIBUTED TO: (A) PERSONS IN MEMBER STATES OF THE EUROPEAN ECONOMIC AREA (THE "EEA") WHO ARE QUALIFIED INVESTORS WITHIN THE MEANING OF ARTICLE 2(1)(E) OF THE PROSPECTUS DIRECTIVE ("QUALIFIED INVESTORS"), (B) IF IN THE UNITED KINGDOM, PERSONS WHO (I) HAVE PROFESSIONAL EXPERIENCE IN MATTERS RELATING TO INVESTMENTS WHO FALL WITHIN THE DEFINITION OF "INVESTMENT PROFESSIONALS" IN ARTICLE 19(5) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005, AS AMENDED (THE "ORDER"), OR ARE HIGH NET WORTH COMPANIES, UNINCORPORATED ASSOCIATIONS OR PARTNERSHIPS OR TRUSTEES OF HIGH VALUE TRUSTS AS DESCRIBED IN ARTICLE 49(2) OF THE ORDER AND (II) ARE "QUALIFIED INVESTORS" AS DEFINED IN SECTION 86 OF FSMA AND (C) OTHERWISE, TO PERSONS TO WHOM IT MAY OTHERWISE BE LAWFUL TO COMMUNICATE IT TO (EACH A "RELEVANT PERSON"). NO OTHER PERSON SHOULD ACT OR RELY ON THIS ANNOUNCEMENT AND PERSONS DISTRIBUTING THIS ANNOUNCEMENT MUST SATISFY THEMSELVES THAT IT IS LAWFUL TO DO SO. ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THIS APPENDIX AND THE TERMS AND CONDITIONS SET OUT HEREIN RELATE IS AVAILABLE ONLY TO RELEVANT PERSONS AND WILL BE ENGAGED IN ONLY WITH RELEVANT PERSONS. BY ACCEPTING THE TERMS OF THIS ANNOUNCEMENT YOU REPRESENT AND AGREE THAT YOU ARE A RELEVANT PERSON. THIS APPENDIX DOES NOT ITSELF CONSTITUTE AN OFFER FOR SALE OR SUBSCRIPTION OF ANY SECURITIES OF THE COMPANY.

THE PLACING SHARES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE APPLICABLE SECURITIES LAWS OF AUSTRALIA, CANADA, JAPAN OR SOUTH AFRICA AND SUBJECT TO CERTAIN EXCEPTIONS, MAY NOT BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, IN AUSTRALIA, CANADA, JAPAN OR SOUTH AFRICA. THERE WILL BE NO PUBLIC OFFERING OF THE PLACING SHARES IN AUSTRALIA, CANADA, JAPAN OR SOUTH AFRICA OR ELSEWHERE.

THE PLACING SHARES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE US SECURITIES ACT OR WITH ANY SECURITIES REGULATORY AUTHORITY IN ANY STATE OF THE UNITED STATES, AND ARE BEING OFFERED AND SOLD OUTSIDE THE UNITED STATES IN COMPLIANCE WITH REGULATION S UNDER THE US SECURITIES ACT. THERE WILL BE NO PUBLIC OFFER OF THE PLACING SHARES IN THE UNITED STATES.

THE PLACING SHARES HAVE NOT BEEN RECOMMENDED, APPROVED OR DISAPPROVED BY ANY UNITED STATES FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY IN THE UNITED STATES. FURTHER, THE FOREGOING AUTHORITIES HAVE NOT PASSED UPON OR ENDORSED THE MERITS

OF THE PLACING OR THE ACCURACY OR ADEQUACY OF THIS ANNOUNCEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE UNITED STATES.

THE DISTRIBUTION OF THIS ANNOUNCEMENT AND THE PLACING AND/OR ISSUE OF THE PLACING SHARES IN CERTAIN JURISDICTIONS MAY BE RESTRICTED BY LAW. PERSONS DISTRIBUTING THIS ANNOUNCEMENT MUST SATISFY THEMSELVES THAT IT IS LAWFUL TO DO SO. PERSONS (INCLUDING, WITHOUT LIMITATION, NOMINEES AND TRUSTEES) WHO HAVE A CONTRACTUAL OR OTHER LEGAL OBLIGATION TO FORWARD A COPY OF THIS APPENDIX OR THE ANNOUNCEMENT OF WHICH IT FORMS PART SHOULD SEEK APPROPRIATE ADVICE BEFORE TAKING ANY ACTION.

NO ACTION HAS BEEN TAKEN BY THE COMPANY, ARDEN OR ANY OF THEIR RESPECTIVE AFFILIATES THAT WOULD PERMIT AN OFFER OF THE PLACING SHARES OR POSSESSION OR DISTRIBUTION OF THIS ANNOUNCEMENT OR ANY OTHER OFFERING OR PUBLICITY MATERIAL RELATING TO SUCH PLACING SHARES IN ANY JURISDICTION WHERE ACTION FOR THAT PURPOSE IS REQUIRED. PERSONS INTO WHOSE POSSESSION THIS ANNOUNCEMENT COMES ARE REQUIRED BY THE COMPANY AND ARDEN TO INFORM THEMSELVES ABOUT AND TO OBSERVE ANY SUCH RESTRICTIONS.

THIS ANNOUNCEMENT SHOULD BE READ IN ITS ENTIRETY. IN PARTICULAR, YOU SHOULD READ AND UNDERSTAND THE INFORMATION PROVIDED IN THE "IMPORTANT NOTICES" SECTION OF THIS ANNOUNCEMENT. BY PARTICIPATING IN THE BOOKBUILD AND THE PLACING, PLACEES WILL BE DEEMED TO HAVE READ AND UNDERSTOOD THIS ANNOUNCEMENT IN ITS ENTIRETY, TO BE PARTICIPATING, MAKING AN OFFER AND SUBSCRIBING FOR PLACING SHARES ON THE TERMS AND CONDITIONS CONTAINED HEREIN AND TO BE PROVIDING THE REPRESENTATIONS, WARRANTIES, INDEMNITIES, ACKNOWLEDGEMENTS AND UNDERTAKINGS CONTAINED HEREIN.

EACH PLACEE SHOULD CONSULT WITH ITS OWN ADVISERS AS TO LEGAL, TAX, BUSINESS AND RELATED ASPECTS OF THE SUBSCRIPTION FOR PLACING SHARES.

Persons who are invited to and who choose to participate in the Placing, by making an oral or written offer to subscribe for Placing Shares, including any individuals, funds or others on whose behalf a commitment to subscribe for Placing Shares is given (and who shall be included within the definition of "Placees") will (i) be deemed to have read and understood this Announcement, including this Appendix, in its entirety; and (ii) be making such offer on the terms and conditions contained in this Appendix, including being deemed to be providing (and shall only be permitted to participate in the Placing on the basis that they have provided) the representations, warranties, acknowledgements and undertakings set out herein.

In particular, each such Placee represents, warrants and acknowledges to the Company and Arden that:

1. it is a Relevant Person (as defined above) and undertakes that it will subscribe for, acquire, hold, manage or dispose of any Placing Shares that are allocated to it for the purposes of its business;
2. it is and the prospective beneficial owner of the Placing Shares is, and at the time the Placing Shares are acquired will be outside the United States acquiring the Placing Shares in an "offshore transaction" as defined in, and in compliance with, Regulation S; and

3. if it is a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive, that any Placing Shares acquired by it in the Placing will not be acquired on a non-discretionary basis on behalf of, nor will they be acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer of securities to the public other than an offer or resale in a member state of the EEA which has implemented the Prospectus Directive to Qualified Investors, or in circumstances in which the prior consent of Arden has been given to each such proposed offer or resale.

The Company and Arden will rely upon the truth and accuracy of the foregoing representations, warranties, acknowledgements and agreements.

No prospectus

The Placing Shares are being offered to a limited number of specifically invited persons only. No prospectus or other offering document has been or will be submitted to be approved by the FCA or the London Stock Exchange in relation to the Placing and no such prospectus is required to be published.

Placees' commitments will be made solely on the basis of the information contained in this Announcement and any Exchange Information (as defined below) previously published by the Company. Each Placee, by participating in the Placing, agrees that the content of this Announcement and all such Exchange Information is exclusively the responsibility of the Company and confirms that it has neither received nor relied on any other information, representation, warranty, or statement made by or on behalf of the Company or Arden or any other person and neither Arden or the Company nor any other person will be liable for any Placee's decision to participate in the Placing based on any other information, representation, warranty or statement which the Placees may have obtained or received. Each Placee acknowledges and agrees that it has relied on its own investigation of the business, financial or other position of the Company in accepting a participation in the Placing. Nothing in this paragraph shall exclude the liability of any person for fraudulent misrepresentation.

Details of the Placing Agreement and the Placing Shares

Arden has today entered into the Placing Agreement with the Company under which it has agreed as agent for the Company to use its reasonable endeavours to procure Placees to take up the Placing Shares, on the terms and subject to the conditions set out therein, at a price and at a number to be determined following the Bookbuild.

The Placing Shares will, when issued, be credited as fully paid and will rank *pari passu* in all respects with the Existing Ordinary Shares, including the right to receive all dividends and other distributions declared, made or paid on or in respect of the Ordinary Shares after the date of issue of the Placing Shares, and will on issue be free of all pre-emption rights, claims, liens, charges, encumbrances and equities.

Applications for admission to listing and trading of the Placing Shares

Applications will be made to the FCA for admission of the Placing Shares to the standard listing segment of the Official List of the FCA and to the London Stock Exchange for admission to trading of the Placing

Shares on its main market for listed securities. It is expected that Admission will become effective at or around 8:00 a.m. on 16 August 2018 and that dealings in the Placing Shares will commence at that time.

Bookbuild

Arden will today commence the Bookbuild to determine demand for participation in the Placing by Placees. This Appendix gives details of the terms and conditions of, and the mechanics of participation in, the Placing. No commissions will be paid to Placees or by Placees in respect of any Placing Shares.

Arden and the Company shall be entitled to effect the Placing by such alternative method to the Bookbuild as they may, in their sole discretion, determine.

Principal terms of the Placing

1. Arden is arranging the Placing as agent of the Company. Participation will only be available to persons who may lawfully be, and are, invited to participate by Arden. Arden and its affiliates are entitled to enter bids as principal in the Bookbuild.
2. Following the Bookbuild, Arden, in agreement with the Company, will establish the Placing Price payable by all Placees whose bids are successful. The Placing Price and the aggregate proceeds to be raised through the Placing will be agreed between Arden and the Company following completion of the Bookbuild and will be recorded in the term sheet (the "**Term Sheet**"). The Placing Price and the number of Placing Shares to be issued will be announced on a Regulatory Information Service following completion of the Bookbuild.
3. To bid in the Bookbuild, Placees should communicate their bid by telephone to their usual sales contact at Arden. Each bid should state the number of Placing Shares which the prospective Placee wishes to acquire at the Placing Price which is ultimately established by the Company and Arden or at prices up to a price limit specified in its bid. Bids may be scaled down by Arden on the basis referred to in paragraph 6 below.
4. The Bookbuild is expected to close no later than 9.00 p.m. (London time) on 8 August 2018 but may be closed earlier or later at the discretion of Arden. Arden may, in agreement with the Company, accept bids that are received after the Bookbuild has closed. The Company reserves the right to reduce or seek to increase the amount to be raised pursuant to the Placing in its discretion.
5. Each prospective Placee's allocation and commitment will be confirmed to Placees orally by Arden as soon as practicable following the close of the Bookbuild, and a contract note or electronic trade confirmation will be dispatched as soon as possible thereafter. The terms of this Appendix will be deemed incorporated therein. Arden's oral confirmation to such Placee will constitute an irrevocable legally binding commitment upon the Placee concerned in favour of Arden and the Company under which such Placee agrees to subscribe for the number of Placing Shares allocated to it and to pay the relevant Placing Price on the terms and subject to the conditions set out in this Appendix and in accordance with the Company's corporate documents. Each Placee's obligations will be owed to the Company.
6. Subject to paragraphs 3 to 5 above, Arden will, in effecting the Placing, consult with the Company as to the identity of the Placees and the basis of allocation of the Placing Shares provided, however, that the final decision as to the identity of the Placees and the basis of allocation of the Placing Shares shall be for Arden in its absolute discretion. Arden may also, notwithstanding paragraphs 3 to 5

above, subject to the prior consent of the Company (i) allocate Placing Shares after the time of any initial allocation to any person submitting a bid after that time and (ii) allocate Placing Shares after the Bookbuild has closed to any person submitting a bid after that time.

7. A bid in the Bookbuild will be made on the terms and subject to the conditions in this Appendix and will be legally binding on the Placee on behalf of which it is made and except with Arden's consent will not be capable of variation or revocation after the time at which it is submitted. Each Placee will also have an immediate, irrevocable and binding obligation, owed to Arden, to pay it (or as it may direct) in cleared funds an amount equal to the product of the Placing Price and the number of Placing Shares that such Placee has agreed to subscribe for and the Company has agreed to allot and issue to that Placee.
8. Except as required by law or regulation, no press release or other announcement will be made by Arden or the Company using the name of any Placee (or its agent), in its capacity as Placee (or agent), other than with such Placee's prior written consent.
9. Irrespective of the time at which a Placee's allocation pursuant to the Placing is confirmed, settlement for all Placing Shares to be subscribed for pursuant to the Placing will be required to be made at the same time on the basis explained below under the paragraph entitled "Registration and Settlement".
10. All obligations under the Bookbuild and Placing will be subject to fulfilment or (where applicable) waiver of the conditions referred to below under "Conditions of the Placing" and to the Placing not being terminated on the basis referred to below under "Termination of the Placing".
11. By participating in the Bookbuild, each Placee agrees that its rights and obligations in respect of the Placing will terminate only in the circumstances described below and will not be capable of rescission or termination by the Placee.
12. To the fullest extent permissible by law, neither Arden, the Company nor any of their respective affiliates, agents, directors, officers or employees shall have any responsibility or liability to Placees (or to any other person whether acting on behalf of a Placee or otherwise). In particular, neither Arden, the Company nor any of their respective affiliates shall have any responsibility or liability (including to the extent permissible by law, any fiduciary duties) in respect of Arden's conduct of the Bookbuild or of such alternative method of effecting the Placing as Arden, its affiliates and the Company may agree.

Conditions of the Placing

The Placing is conditional upon the Placing Agreement becoming unconditional and not having been terminated in accordance with its terms.

Arden's obligations under the Placing Agreement are conditional on, *inter alia*:

- (a) Admission occurring not later than 8:00 a.m. London time on 20 August 2018 (or such later time and/or date as Arden and the Company may agree in writing);
- (b) the representations, warranties, undertakings and covenants of the Company contained in the Placing Agreement being true, accurate and complete on and as of the date of the Placing Agreement, as at the time of execution of the Term Sheet and immediately before Admission;
- (c) the Company having complied with all of its obligations to be performed or satisfied under the Placing Agreement on or before Admission;
- (d) the Term Sheet having been executed and delivered by the Company and Arden;

- (e) the publication of the results of the Placing on a Regulatory Information Service as soon as practicable after the execution of the Term Sheet and in any event by not later than 8:00 a.m. London time on 9 August 2018 (or such later time and/or date as Arden and the Company may agree in writing); and
- (f) the Company allotting, subject only to Admission, the Placing Shares in accordance with the Placing Agreement.

If (i) any of the conditions contained in the Placing Agreement, including those described above, are not fulfilled or (where applicable) waived by Arden by the respective time or date where specified (or such later time or date as the Company and Arden may agree) or (ii) the Placing Agreement is terminated in the circumstances specified below under the paragraph entitled "Termination of the Placing", the Placing will lapse and the Placees' rights and obligations hereunder in relation to the Placing Shares shall cease and terminate at such time and each Placee agrees that no claim can be made by it or on its behalf (or any person on whose behalf the Placee is acting) in respect thereof.

Arden may, at their discretion and upon such terms as it thinks fit, waive fulfilment of all or any conditions in the Placing Agreement or extend the time provided for fulfilment of any such conditions in respect of all or any part of the performance thereof, save that the above conditions relating, *inter alia*, to Admission taking place may not be waived. Any such extension or waiver will not affect Placees' commitments as set out in this Announcement.

Arden shall not have any liability to any Placee (or to any other person whether acting on behalf of a Placee or otherwise) in respect of any decision it may make as to whether or not to waive or to extend the time and/or date for the satisfaction of any condition to the Placing nor for any decision they may make as to the satisfaction of any condition or in respect of the Placing generally and by participating in the Placing each Placee agrees that any such decision is within the absolute discretion of Arden.

Termination of the Placing

Arden is entitled, at any time before Admission, to terminate the Placing Agreement in accordance with the terms of the Placing Agreement in certain circumstances, including, *inter alia* if any of the following occurs:

- (a) any breach of the representations and warranties given in the Placing Agreement or any failure to perform any of the Company's undertakings in the Placing Agreement at the times specified therein;
- (b) any material adverse effect or change in or affecting, or any development reasonably likely to give rise to or involve a material adverse change, in or affecting, the condition (financial, operational, legal or otherwise) or in the earnings, results of operations, business affairs, management, properties, assets, rights, operations, solvency, credit rating, prospects or funding position of the Company and the Company and its subsidiaries and subsidiary undertakings (the "**Group**") whether or not arising in the ordinary course of business; or
- (c) the occurrence or, in the opinion of Arden, it being reasonably likely that there will occur:
 - (i) any material adverse change in the financial markets in the United States, the United Kingdom, Guernsey, any member or associate member of the European Union or the international financial markets;

- (ii) a suspension or material limitation in the trading in securities by the London Stock Exchange or the New York Stock Exchange or the fixing of minimum or maximum prices for trading or maximum ranges for prices of securities being required by any said exchanges or by such system or by order of any governmental authority or the occurrence of a material disruption in commercial banking or securities settlement or clearance services in the United States or the European Union;
- (iii) any actual or officially announced change in the United Kingdom or Guernsey or any other taxation that would have a materially adverse effect on any member of the Group, the allotment, issue or delivery of the Placing Shares or any imposition of exchange controls by the United States, United Kingdom, Guernsey or any member or associate member of the European Union;
- (iv) a banking moratorium declared by the authorities in the United States, the United Kingdom, Guernsey, New York or a member or associate member of the European Union; or
- (v) any event which in the opinion of Arden, would make it impracticable or inadvisable to market the Placing Shares or to enforce contracts for sale of the Ordinary Shares or which may prejudice the success of the Placing or dealings in the Placing Shares in the secondary market.

Upon such notice being given, the parties to the Placing Agreement shall be released and discharged (except for any liability arising before or in relation to such termination) from their respective obligations under or pursuant to the Placing Agreement, subject to certain exceptions.

By participating in the Placing, each Placee agrees that (i) the exercise by Arden of any right of termination or of any other discretion under the Placing Agreement shall be within the absolute discretion of Arden and that it need not make any reference to Placees and that it shall have no liability to Placees whatsoever in connection with any such exercise or failure to so exercise and (ii) its rights and obligations terminate only in the circumstances described above and under the paragraph entitled "Conditions of the Placing" above, and its participation will not be capable of rescission or termination by it after oral confirmation by Arden of its allocation and commitments following the close of the Bookbuild.

Lock-up arrangements

As part of the Placing, the Company has agreed that it will not issue or sell any Ordinary Shares for a period of 180 days after Admission without the prior written consent of Arden. This lock-up arrangement is subject to (i) the customary exception of the issue and offer by or on behalf of the Company of the Placing Shares and the issue by the Company of any Ordinary Shares upon the exercise of any existing options, including any options or restricted share grants under the Company's share option scheme and (ii) the issue by the Company of Ordinary Shares in connection with an acquisition of shares or assets by the Company.

Registration and settlement

Each Placee allocated Placing Shares in the Placing will be sent a contract note or electronic trade confirmation in accordance with the standing arrangements in place with Arden stating the number of Placing Shares allocated to it at the Placing Price, the aggregate amount owed by such Placee to Arden and settlement instructions. Each Placee agrees that it will do all things necessary to ensure that delivery

and payment is completed in accordance with the standing CREST or certificated settlement instructions in respect of the Placing Shares that it has in place with Arden.

Settlement of transactions in the Placing Shares (ISIN: GG00BD59ZW98) following Admission will take place within the CREST system, subject to certain exceptions. Settlement through CREST is expected to be on 16 August 2018 on a T+3 basis in accordance with the instructions set out in the contract note or electronic trade confirmation sent to Placees unless otherwise notified by Arden. Settlement will be on a delivery versus payment basis. However, in the event of any difficulties or delays in the admission of the Placing Shares to CREST or the use of CREST in relation to the Placing, the Company and Arden may agree that the Placing Shares should be issued in certificated form. The Company and Arden reserve the right to require settlement for and delivery of the Placing Shares to Placees by such other means that they deem necessary if delivery or settlement is not practicable within the CREST system within the timetable set out in this Announcement or would not be consistent with the regulatory requirements in the Placee's jurisdiction.

Interest is chargeable daily on payments not received from Placees on the due date in accordance with the arrangements set out above at the rate of two percentage points above prevailing LIBOR as determined by Arden.

Each Placee is deemed to agree that, if it does not comply with these obligations, Arden may sell any or all of the Placing Shares allocated to that Placee on such Placee's behalf and retain from the proceeds, for Arden's account and benefit, an amount equal to the aggregate amount owed by the Placee plus any interest due. The relevant Placee will, however, remain liable for any shortfall below the aggregate amount owed by it and may be required to bear any taxes or duties (together with any related interest, fines or penalties) imposed in any jurisdiction which may arise upon the sale of such Placing Shares on such Placee's behalf.

When a Placee or person acting on behalf of the Placee is dealing with any of Arden, any money held in an account with Arden on behalf of the Placee and/or any person acting on behalf of the Placee, will not be treated as client money within the meaning of the rules and regulations of the FCA made under FSMA. The Placee acknowledges that the money will not be subject to the protections conferred by the client money rules; as a consequence, this money will not be segregated from Arden's money in accordance with the client money rules and will be used by Arden in the course of its own business and the Placees will rank only as a general creditor of Arden.

If Placing Shares are to be delivered to a custodian or settlement agent, Placees should ensure that upon receipt the contract note or electronic trade confirmation is copied and delivered immediately to the relevant person within that organisation.

Representations, warranties and acknowledgements

By submitting a bid in the Bookbuild, each prospective Placee (and any person acting on such Placee's behalf) represents, warrants and acknowledges to, and agrees with, the Company and Arden (for itself and for any such prospective Placee) that:

1. it has read and understood this Announcement, including this Appendix, in its entirety and that its subscription for the Placing Shares is subject to and based upon all the terms, conditions, representations, warranties, acknowledgements, agreements and undertakings and other information contained herein;
2. it has not received a prospectus or other offering document in connection with the Bookbuild, the Placing or the Placing Shares and acknowledges that no prospectus or other offering document has been or will be prepared in connection with the Bookbuild, the Placing or in the Placing Shares;
3. it will not distribute, forward, transfer or otherwise transmit this Announcement or any part of it, or any other presentational or other materials concerning the Placing (including electronic copies thereof) to any person, and it has not distributed, forwarded, transferred or otherwise transmitted any such materials to any person;
4. the Ordinary Shares are admitted to the standard listing segment of the Official List, and that the Company is therefore required to publish certain business and financial information in accordance with the rules and practices of the FCA, and that it is able to obtain or access such information and comparable information concerning other publicly traded companies without undue difficulty;
5. it has knowledge and experience in financial, business and international investment matters as is required to evaluate the merits and risks of acquiring the Placing Shares. It further acknowledges that it is experienced in investing in securities of this nature, and is aware that it may be required to bear, and is able to bear, the economic risk of, and is able to sustain, a complete loss in connection with the Placing;
6. the content of this Announcement is exclusively the responsibility of the Company and that none of Arden, any of its affiliates or any persons acting on its behalf is responsible for or has or shall have any liability for any information or representation relating to the Company contained in this Announcement or any information publicly announced through a regulatory information services (as defined in the listing rules of the FCA) by or on behalf of the Company on or prior to the date of this Announcement (the "**Exchange Information**"), provided that nothing in this paragraph excludes the liability of any person for fraudulent misrepresentation made by such person;
7. the only information on which it is entitled to rely and on which such Placee has relied in committing itself to subscribe for the Placing Shares is contained in this Announcement and any Exchange Information, such information being all that it deems necessary to make an investment decision in respect of the Placing Shares and that it has neither received nor relied on any other information given or representations, warrants or statements, express or implied, made by or any view expressed by Arden, the Company or any of their affiliates (including in any management presentation delivered in respect of the Bookbuild) with respect to the Company, the Placing or the Placing Shares or the accuracy, completeness or adequacy of any information contained in this Announcement, the Exchange Information or otherwise, provided that nothing in this paragraph excludes the liability of any person for fraudulent misrepresentation made by such person;
8. it may not rely on any investigation that Arden, its affiliates or any person acting on their behalf may or may not have conducted with respect to the Company and its affiliates or the Placing and neither Arden nor any of its affiliates nor any person acting on their behalf has made any representation or warranty to it, express or implied, with respect to the merits of the Placing, the subscription for or purchase of the Placing Shares, or as to the condition, financial or otherwise, of the Company and its affiliates, or as to any other matter relating thereto, and nothing herein shall be construed as a

recommendation to it to subscribe for the Placing Shares. It acknowledges and agrees that no information has been prepared by, or is the responsibility of Arden or any of its affiliates or any person acting on their behalf for the purposes of this Placing;

9. it has conducted its own due diligence, examination and assessment of the Company, the Placing Shares and the terms of the Placing (including the merits and risks involved) and satisfied itself that the information resulting from such investigation is still current and relied on that investigation for the purposes of its decision to participate in the Placing;
10. Arden will not be liable for any Placee's decision to participate in the Placing based on any information, representation, warranty or statement contained in this Announcement or otherwise;
11. it will not hold Arden or any of its affiliates or any person acting on their behalf responsible or liable for any misstatements in or omission from any publicly available information relating to the Group or information made available (whether in written or oral form) relating to the Group (the "Information") and that none of Arden, its affiliates or any person acting on their behalf, makes any representation or warranty, express or implied, as to the truth, accuracy or completeness of such Information or accepts any responsibility for any of such Information;
12. the Placing Shares have not been registered or otherwise qualified, and will not be registered or otherwise qualified, for offer and sale with any securities regulatory authority of the United States, or any state or other jurisdiction of the United States, Australia, Canada, Japan or South Africa or any jurisdiction in which registration may be required;
13. subject to certain exceptions, the Placing Shares may not be offered, sold, taken up, renounced or delivered or transferred, directly or indirectly, within the United States, Australia, Canada, Japan or South Africa or any jurisdiction in which it would be unlawful to do so and no action has been or will be taken by any of the Company, Arden or any person acting on behalf of the Company or Arden that would, or is intended to, permit a public offer of the Placing Shares in the United States, Australia, Canada, Japan or South Africa or in any country or jurisdiction where any such action for that purpose is required;
14. unless otherwise specifically agreed with Arden, that it is not and at the time the Placing Shares are acquired, neither it nor the beneficial owner of the Placing Shares will be, a resident of Australia, Canada, Japan, South Africa or the United States;
15. it has not offered or sold and will not offer or sell any Placing Shares to persons in the EEA prior to Admission except to Qualified Investors or otherwise in circumstances which have not resulted and which will not result in an offer to the public in any member state of the EEA within the meaning of the Prospectus Directive;
16. it and/or each person on whose behalf it is participating:
 - (a) is entitled to acquire Placing Shares pursuant to the Placing under the laws of all relevant jurisdictions and has fully observed such laws;
 - (b) has capacity and authority and is entitled to enter into and perform its obligations as a subscriber of Placing Shares and will honour such obligations; and
 - (c) has obtained all necessary consents and authorities (including, without limitation, in the case of a person acting on behalf of a Placee, all necessary consents and authorities to agree to the terms set out or referred to in this Appendix) to enable it to enter into the transactions contemplated hereby and to perform its obligations in relation thereto;

17. if it is a pension fund or investment company, its acquisition of Placing Shares is in full compliance with applicable laws and regulations;
18. it is a Relevant Person and undertakes that it will acquire, hold, manage or dispose of any Placing Shares that are allocated to it for the purposes of its business and, in particular:
 - (a) if in a member state of the EEA, unless otherwise specifically agreed with Arden in writing, it is a Qualified Investor;
 - (b) if in the United Kingdom, that it is a person (i) having professional experience in matters relating to investments who falls within the definition of "investment professionals" in Article 19(5) of the Order or (ii) who falls within Article 49(2)(a) to (d) ("High Net Worth Companies, Unincorporated Associations, etc.") of the Order, or (iii) to whom this Announcement may otherwise lawfully be communicated;
19. it and the prospective beneficial owner of the Placing Shares is, and at the time the Placing Shares are acquired will be, either (i) outside the United States acquiring the Placing Shares in an "offshore transaction" as defined in, and in compliance with, Regulation S or (ii) an investor purchasing in reliance on an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act;
20. if it is a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive:
 - (a) the Placing Shares purchased by it in the Placing will not be acquired on a non-discretionary basis on behalf of, nor will they be acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer of securities to the public other than an offer or resale in any member state of the EEA which has implemented the Prospectus Directive to Qualified Investors, or in circumstances in which the prior consent of Arden has been given to each proposed offer or resale; or
 - (b) where Placing Shares have been acquired by it on behalf of persons in any member state of the EEA other than Qualified Investors, the offer of those Placing Shares to it is not treated under the Prospectus Directive as having been made to such persons;
21. it has only communicated or caused to be communicated and it will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of FSMA) relating to the Placing Shares in circumstances in which section 21(1) of FSMA does not require approval of the communication by an authorised person;
22. it has complied, and will comply, with all applicable provisions of FSMA with respect to anything done by it in relation to the Placing Shares in, from or otherwise involving the United Kingdom;
23. it is acquiring the Placing Shares for its own account or is acquiring the Placing Shares for an account with respect to which it exercises sole investment discretion and has the authority to make and does make the acknowledgements, representations and agreements contained in this Announcement;
24. it is purchasing the Placing Shares for investment purposes, and not with a view to distribution or resale, directly or indirectly, in the United States or otherwise in violation of United States securities laws;
25. it understands that the Placing Shares have not been, and will not be, registered under the US Securities Act or with any state or other jurisdiction of the United States and that the Placing Shares may not be reoffered, resold, pledged or otherwise transferred except (a) outside the United States in compliance with Regulation S under the US Securities Act or (b) in a transaction pursuant to

another exemption from, or a transaction not subject to, the registration requirements of the US Securities Act, in each case in compliance with all applicable laws;

26. it has complied with its obligations (i) under the Criminal Justice Act 1993 and the Market Abuse Regulation (EU 596/2014) and (ii) in connection with money laundering and terrorist financing under the Proceeds of Crime Act 2002, the Criminal Justice Act 1993, the Terrorism Act 2000, the Terrorism Act 2006, the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017) and any related or similar rules, regulations or guidelines, issued, administered or enforced by any government agency having jurisdiction in respect thereof (the "Regulations") and, if making payment on behalf of a third party, that satisfactory evidence has been obtained and recorded by it to verify the identity of the third party as required by the Regulations;
27. it may be asked to disclose in writing or orally to Arden:
 - (a) if he or she is an individual, his or her nationality; or
 - (b) if he or she is a discretionary fund manager, the jurisdiction in which the funds are managed or owned.
28. it will make payment to Arden in accordance with the terms and conditions of this Announcement on the due times and dates set out in this Announcement, failing which the relevant Placing Shares may be placed with others on such terms as Arden determine and without liability to such Placee, who will remain liable for any amount by which the net proceeds of such sale falls short of the product of the relevant Placing Price and the number of Placing Shares allocated to it and may be required to bear any taxes or duties (together with any related interest, fines or penalties) which may arise on the sale of such Placee's Placing Shares;
29. its allocation (if any) of Placing Shares will represent a maximum number of Placing Shares which it will be entitled, and required, to subscribe for, and that the Company may call upon it to subscribe for a lower number of Placing Shares (if any), but in no event in aggregate more than the aforementioned maximum;
30. the Placing Shares will be issued subject to the terms and conditions of this Appendix and the Company's articles of incorporation and that its commitment to acquire Placing Shares on the terms set out herein will continue notwithstanding any amendment that may in future be made to the terms and conditions of the Placing and that Placees will have no right to be consulted or require that their consent be obtained with respect to the Company's or Arden's conduct of the Placing;
31. Arden do not owe any fiduciary or other duties to any Placee in respect of any representations, warranties, undertakings or indemnities in the Placing Agreement;
32. none of Arden, its respective affiliates and any person acting on behalf of any of them is making any recommendations to it, advising it regarding the suitability of any transactions it may enter into in connection with the Placing and that participation in the Placing is on the basis that it is not and will not be a client of Arden and that Arden has no duties or responsibilities to it for providing the protections afforded to their clients or customers or for providing advice in relation to the Placing nor in respect of any representations, warranties, undertakings or indemnities contained in the Placing Agreement nor for the exercise or performance of any of its rights and obligations thereunder including any rights to waive or vary any conditions or exercise any termination right;
33. it is not in possession of and has neither received nor relied on any confidential price sensitive information concerning the Company in accepting the invitation to participate in the Placing and it is not subscribing for the Placing Shares on the basis of material non-public information;

34. in connection with the Placing, Arden and any of its affiliates acting as an investor for its own account may subscribe for Placing Shares in the Company and in that capacity may retain, purchase or sell for its own account such Placing Shares in the Company and any securities of the Company or related investments and may offer or sell such securities or other investments otherwise than in connection with the Placing. Accordingly, references in this Announcement to shares being issued, offered or placed should be read as including any issue, offering or placement of such shares in the Company to each of Arden or any of its affiliates acting in such capacity. In addition Arden and any of its affiliates may enter into financing arrangements and swaps with investors in connection with which Arden and any of its affiliates may from time to time acquire, hold or dispose of such securities of the Company, including the Placing Shares. Arden does not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so;
35. the Company, Arden, their respective affiliates and others will rely upon the truth and accuracy of the foregoing representations, warranties, acknowledgements and agreements, which are given for the benefit of each of the Company and Arden (for their own benefit and, where relevant, the benefit of their respective affiliates and any person acting on their behalf) and are irrevocable and it irrevocably authorises Arden to produce this Announcement, pursuant to, in connection with, or as may be required by any applicable law or regulation, administrative or legal proceeding or official inquiry with respect to the matters set forth herein;
36. the rights and remedies of Arden and the Company under the terms and conditions in this Appendix are in addition to any rights and remedies which would otherwise be available to each of them and the exercise or partial exercise of one will not prevent the exercise of others; and
37. these terms and conditions of the Placing and any agreements entered into by it pursuant to these terms and conditions of the Placing, and all non-contractual or other obligations arising out of or in connection with them, shall be governed by and construed in accordance with the laws of England and Wales and it submits (on behalf of itself and on behalf of any person on whose behalf it is acting) to the exclusive jurisdiction of the English courts as regards any claim, dispute or matter arising out of any such contract (including any dispute regarding the existence, validity or termination of such contract or relating to any non-contractual or other obligation arising out of or in connection with such contract), except that enforcement proceedings in respect of the obligation to make payment for the Placing Shares (together with any interest chargeable thereon) may be taken by either the Company or Arden in any jurisdiction in which the relevant Placee is incorporated or in which any of its securities have a quotation on a recognised stock exchange.

Indemnity

By participating in the Placing, each Placee (and any person acting on such Placee's behalf) agrees to indemnify on an after-tax basis and hold the Company, Arden and each of their respective affiliates harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of the representations, warranties, acknowledgements, agreements and undertakings given by the Placee in this Appendix and further agrees that the provisions of this Appendix shall survive after completion of the Placing.

Taxation

The allotment and issue of Placing Shares to Placees (or the persons for whom Placees are contracting as agent), together with any transfer of Placing Shares by Arden on a Placee's behalf, should be free of any transfer tax imposed in Guernsey.

The allotment and issue of Placing Shares to Placees (or the persons for whom Placees are contracting as agent) should be free of any stamp duty or stamp duty reserve tax under the laws of the United Kingdom, provided that: (a) no register for the Placing Shares is kept in the United Kingdom by or on behalf of the Company, and (b) the Placing Shares are not paired with shares issued by a body corporate incorporated in the United Kingdom. If there are any circumstances in which any other stamp duty or stamp duty reserve tax (together with interest and penalties) is payable in respect of the issue of the Placing Shares, neither Arden nor the Company nor any of their affiliates shall be responsible for the payment thereof.

Placees are advised to consult with their own advisers regarding the tax aspects of the subscription for Placing Shares.

DEFINITIONS

In this Announcement, the following words and expressions shall, unless the context provides otherwise, have the following meanings:

"Admission"	the admission of the Placing Shares to the standard segment of the Official List in accordance with the Listing Rules and to trading on the Main Market
"Announcement"	this announcement and the Appendix, which forms part of this announcement dated 8 August 2018 regarding the Cooperation Agreement and proposed Capital Raising
"Arden Partners" or "Arden"	Arden Partners plc
"Board" or "Directors"	the directors of the Company as at the date of the Announcement
"Bookbuilding Process" or "Bookbuild"	the accelerated Bookbuild undertaken by the Company to effect the Placing
"Capital Raising"	the Placing and the TechMet Subscription
"Company" or "Rainbow"	Rainbow Rare Earths Limited
"CREST"	the relevant system (as defined in the CREST Regulations) in respect of which Euroclear is the operator (as defined in the CREST Regulations)
"EU"	the European Union
"Euroclear"	Euroclear UK & Ireland Limited
"Existing Ordinary Shares"	the 174,626,472 Ordinary Shares in issue on the date of this Announcement and prior to completion of the Capital Raising
"FCA"	the Financial Conduct Authority of the UK
"FSMA"	Financial Services and Markets Act 2000 (as amended)

“JORC Code”	the 2012 edition of the Australasian Joint Ore Reserves Committee Code
“JORC Resource”	a mineral resource, being a concentration of occurrence of solid material of economic interest in or on the Earth’s crust in such form grade and quantity that there are reasonable prospects for eventual economic extraction, declared in accordance with the JORC Code
“London Stock Exchange”	London Stock Exchange plc
“Main Market”	the main market of the London Stock Exchange
“Official List”	the official list of the FCA
“Ordinary Shares”	ordinary shares of no par value in the capital of the Company
“Placees”	eligible existing institutional shareholders and new institutional shareholders subscribing for new Ordinary Shares pursuant to the Placing
“Placing”	the firm placing by the Company of the Placing Shares with the Placees pursuant to the Placing Agreement and the Bookbuild
"Placing Price"	a price per Placing Share to be determined at the close of the Bookbuilding Process
“Placing Shares”	up to 14.9 million new Ordinary Shares
“Placing Agreement”	the agreement entered into between the Company and Arden Partners dated the date of this Announcement
“Prospectus Rules”	the Prospectus Rules made in accordance with the EU Prospectus Directive 2003/71/EC in relation to offers of securities to the public and the admission of securities to trading on a regulated market
“REE”	rare earth elements
“Regulatory Information Service”	has the meaning given in the Disclosure Guidance and Transparency Rules sourcebook published by the FCA
“Securities Act”	US Securities Act of 1933 (as amended)
“TechMet”	TechMet Limited, a company incorporated in Malta with registered number C81571
“TechMet Subscription”	the direct subscription with the Company of \$0.5m by TechMet for TechMet Subscription Shares pursuant to the TechMet Subscription Letter at the Placing Price
"TechMet Subscription Letter"	the subscription letter entered into between the Company and TechMet on or before the date of this Announcement, pursuant to which TechMet has agreed to subscribe for the TechMet Subscription Shares
“TechMet Subscription Shares”	the new Ordinary Shares to be issued pursuant to the TechMet Subscription

"TechMet Subscription Shares Admission"	the admission of the TechMet Subscription Shares to the standard segment of the Official List in accordance with the Listing Rules and to trading on the Main Market
"tpa"	tonnes per annum
"United Kingdom" or "UK"	the United Kingdom of Great Britain and Northern Ireland
"United States", "United States of America" or "US"	the United States of America, its territories and possessions, any State of the United States, and the District of Columbia