



THE ONLY RARE EARTHS MINE IN AFRICA

INTERIM RESULTS TO 31 DECEMBER 2018

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STRONG FUNDAMENTALS

THE FUNDAMENTALS OF THE GAKARA PROJECT REMAIN STRONG –
FROM START-UP IN LATE 2017 TO TARGETED BREAKEVEN IN LATE 2019



Grade

With veins averaging a total rare earth oxides (TREO) of 47-67%, Gakara is by far the highest-grade mine in the world



RE demand set to increase

- Demand for magnet REs (NdPr) set to rise in response to increase in production of EVs
- Limited production capacity in market medium-term, particularly outside China



Potential world-class deposit

- Maiden JORC Resource of +1.2m tonnes ore covering a small fraction of the Project - Dec 2018
- +12,000 tonnes high grade Resources from 3 of 28 prospects and c.1.2m tonnes of lower grade Resource at Kiyenzi



Asset in production

Only producing mine in Africa, and one of only two listed commercially producing RE companies outside China



Downstream separation planned with TechMet

JV in place to significantly reduce discount to basket price and improve margins



Environmentally sound

- Most sources of RE are environmentally damaging
- Gakara uses no chemicals/reagents and utilises local workforce

WHY RARE EARTHS?

NEODYMIUM (Nd) & PRASEODYMIUM (Pr) REPRESENT THE MOST SIGNIFICANT ELEMENTS IN THE LANTHANIDE GROUP BY VALUE

Magnet Rare Earths are critical in these key booming markets amongst others



Electric vehicles:

Forecast demand growth for NdPr is primarily driven by the anticipated uptake of EVs as well as growth in all electric motor usage



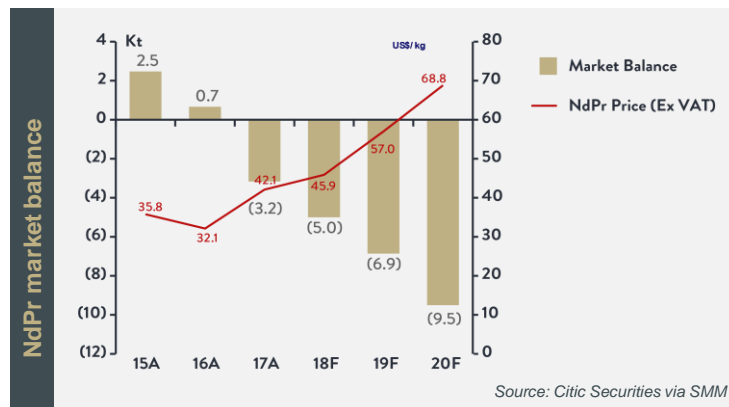
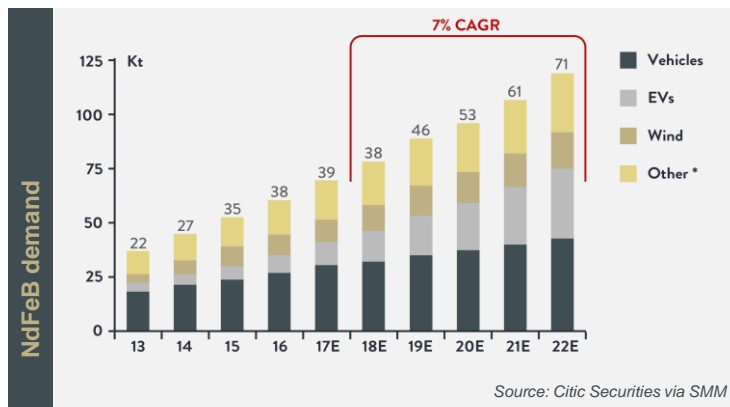
Smart phones:

Nd gives your phone the power to vibrate. 2.87 billion smartphone users worldwide predicted by 2020



Wind turbines:

NdFeB magnets have allowed wind turbines to reduce costs and increase efficiencies



6 MONTHS TO 31 DECEMBER 2018 – HIGHLIGHTS

MAIDEN JORC RESOURCE AND CONSISTENT PRODUCTION

- ▣ Maiden JORC Resource announced in December 2018 with two highly prospective areas:
 - ▣ 12,491 tonnes of high-grade veins averaging 55% TREO; and
 - ▣ a much larger, lower-grade area of 1.2 million tonnes averaging 2.2% TREO
- ▣ Funds successfully raised – US\$2.0 million from an equity placing in August 2018, and an equity drawdown/convertible facility signed shortly after period end for up to US\$7.75 million with a fund managed by Lind Partners LLC ('Lind')
- ▣ Production ramp-up slower than expected, however concentrate exports increased slightly to 550 tonnes in the period (six months to 30 June 2018: 525 tonnes)
- ▣ Customer demand very strong and all exported production was sold by period end
- ▣ Second mining area, Murambi, entered production in December 2018 and two further mining areas planned to open during 2019
- ▣ Focused on increasing production from new mining areas, targeting near-term positive EBITDA and becoming a key strategic supplier to the market

6 MONTHS TO 31 DECEMBER 2018 – SUMMARY INCOME STATEMENT

INCOME STATEMENT

US\$'000	6 mths to 31 Dec 2018	6 mths to 31 Dec 2017	12 mths to 30 Jun 2018	
Revenue	1,230	-	992	▢ Commercial production recognised from 1 July 2018 – all production costs expensed through P&L in period for first time
Sales & production costs	(1,765)	-	(992)	▢ Revenues represent 650t concentrate sold in period at net price of US\$1.89/kg
Gross margin	(535)	-	-	▢ Sales and production included the cost of additional rental equipment to advance stripping to expose new veins at Gasagwe
Stockpile movement	(188)	-	-	▢ Stockpile movement represents the net reduction in ore in transit in the period
Admin expenses	(651)	(752)	(2,044)	▢ Admin expenses lower in the period due to cost controls at corporate level
EBITDA	(1,374)	(752)	(2,044)	▢ EBITDA shows a loss of US\$1.4m
Depreciation/SBP	(1,816)	(461)	(709)	▢ Depreciation charged for the first time from 1 July 2018
Operating loss	(3,190)	(1,213)	(2,753)	▢ Net finance income reflects FX gains offset by overdraft interest income
Net finance income	52	142	238	
Tax	(58)	-	(96)	
Total loss in period	(3,196)	(1,071)	(2,611)	

6 MONTHS TO 31 DECEMBER 2018 – SUMMARY BALANCE SHEET

BALANCE SHEET

US\$'000	31 Dec 2018	30 June 2018	
Non-current assets	10,715	11,249	▢ Fixed assets reduced in year by net impact of depreciation less additions
Cash	56	354	▢ Current assets include VAT receivables and amounts due from government due to royalty overpayments
Other current assets	545	950	
Borrowings	(945)	(760)	▢ Borrowings represent a Burundian Franc overdraft with Finbank
Other payables	(1,178)	(1,415)	▢ Other payables include trade payables and accruals at period end
Net assets	9,193	10,378	▢ Share capital increase reflects US\$2m equity placing in August 2018
Share capital	18,598	16,722	
Other reserves	1,248	1,243	
Retained losses	(10,397)	(7,548)	
Non-controlling interest	(256)	(39)	
Total equity	9,193	10,378	

6 MONTHS TO 31 DECEMBER 2018 – SUMMARY CASHFLOW

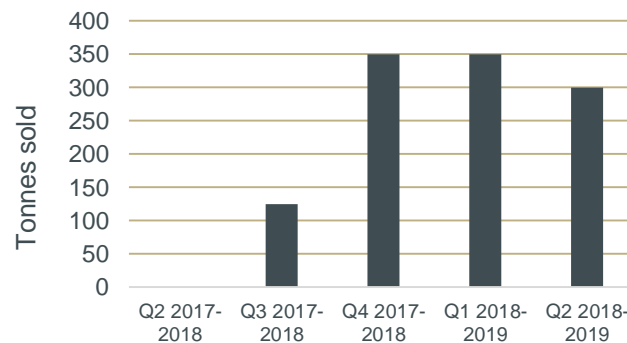
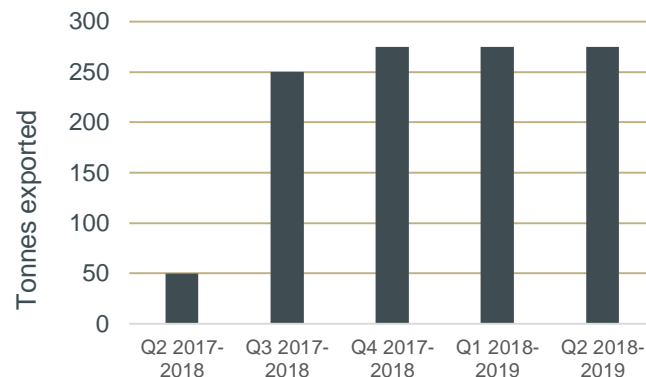
CASHFLOW STATEMENT

US\$'000	6 mths to 31 Dec 2018	6 mths to 31 Dec 2017	12 mths to 30 Jun 2018	
Net cash used in operating activities	(1,243)	(1,126)	(1,837)	▢ US\$1.2m net cash used in operating activities includes the net impact of operating costs and working capital
Capex	(1,060)	(2,812)	(5,231)	▢ Capex includes development of Murambi, and exploration spend
Borrowings	113	268	669	▢ Other borrowings reflect the drawdown of the Finbank overdrafts
Net proceeds of equity raising	1,876	3,199	3,536	▢ US\$2m equity placing proceeds were raised in Aug 2018
FX	16	(3)	19	
Net cashflow after FX	(298)	(474)	(2,844)	
Opening cash	354	3,198	3,198	
Closing cash	56	2,724	354	

PRODUCTION AND SALES H1 2018-19

BROADLY CONSISTENT PRODUCTION JUSTIFIES EXPANSION INTO NEW AREAS

- ▶ 550t concentrate exported and 650t sold in the six months to December 2018
- ▶ Average net sales price per tonne in the period was US\$1,890 (US\$1.89/kg)
- ▶ Reference basket price moved in period from US\$12.87/kg to US\$11.33/kg, a fall of 12%
- ▶ Strong demand from customers justifies increase in producing areas



EXPLORATION SUCCESS

Maiden JORC Resource declared in December 2018 confirms potential world class deposit, with near term Resources from additional high grade veins that could be augmented by a substantial lower grade zone at Kiyenzi

Company photo of Kiyenzi (left) and Gasagwe (right)

MAIDEN JORC RESOURCE – DECEMBER 2018

UP TO 2 YEARS' HIGH GRADE FEEDSTOCK AND HUGE POTENTIAL AT KIYENZI

- ▣ Total Maiden JORC compliant Resource of over 1.2 million tonnes of ore covering a small fraction of the Gakara Project
- ▣ Three areas (Gasagwe, Murambi South and Gomvyi Centre) are very high grade vein stockwork deposits, totalling 12,491 tonnes of Total Mineral Resource at an average TREO grade of 55%
- ▣ Kiyenzi is a very large, lower grade mineralised deposit with nearly 1.2 million tonnes Mineral Resource at an average grade of 2.2% TREO employing a cut-off of 1% TREO
- ▣ The Mineral Resource is based on 4 of the 28 mineralised prospects across Rainbow's existing Mining Licence, indicating significant upside for future exploration

Deposit name	Measured (t)	Indicated (t)	Inferred (t)	Total Ore (t)	TREO Grade %	Contained TREO (t)
Gasagwe	153	273	570	996	58.7	585
Murambi South	972	2,917	4,480	8,369	54.8	4,586
Gomvyi Centre	-	861	2,265	3,126	54.0	1,688
Total high grade deposits	1,125	4,051	7,315	12,491	54.9	6,859
Kiyenzi	58,671	297,274	837,033	1,192,978	2.2	26,570
Total	59,796	301,325	844,348	1,205,469	2.8	33,429



ACHIEVEMENTS SO FAR

KEY CHALLENGES HAVE BEEN SUCCESSFULLY ADDRESSED IN THE FIRST 18 MONTHS OF OPERATIONS

Develop 1 st and 2 nd mining areas	Recruit and train local workforce	Embed safe practices	Commence mining	Build processing plant	Export concentrate	Complete sales to cash cycle	Secure access to sales proceeds
ACHIEVED	ACHIEVED	ACHIEVED	ACHIEVED	ACHIEVED	ACHIEVED	ACHIEVED	ACHIEVED



THE GAKARA RARE EARTHS PROJECT



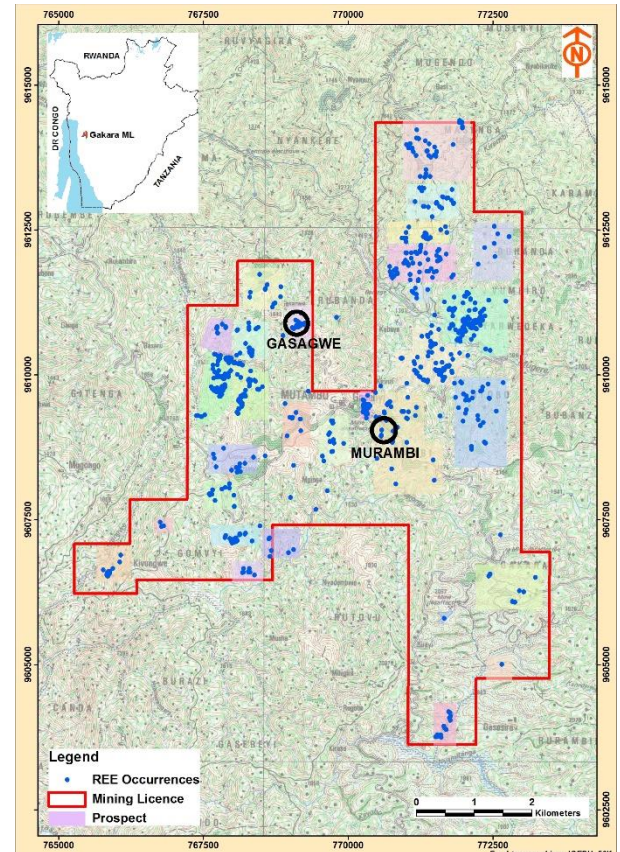
GASAGWE & MURAMBI MINING AREAS

GASAGWE

- ▶ Initial mining area (commenced 2017) has contributed the bulk of ore tonnes to date and served to provide strong foundation for proof of concept
- ▶ Very high grade vein stockwork structure allows tight control of tonnes to be processed
- ▶ Likely to cease later in 2019 as initially planned, although new vein discoveries continually being made

MURAMBI

- ▶ Vein structure very similar to Gasagwe
- ▶ Trenching suggests vein extension may be up to 200m, approximately twice the length at Gasagwe
- ▶ First tonnes delivered Q2 18-19, now increasing to full production following construction of haul road and waste dump



GASAGWE & MURAMBI MINING AREAS

SMALL MECHANICAL FLEET SUPPORTS MANUAL EXTRACTION OF HIGH GRADE VEINS



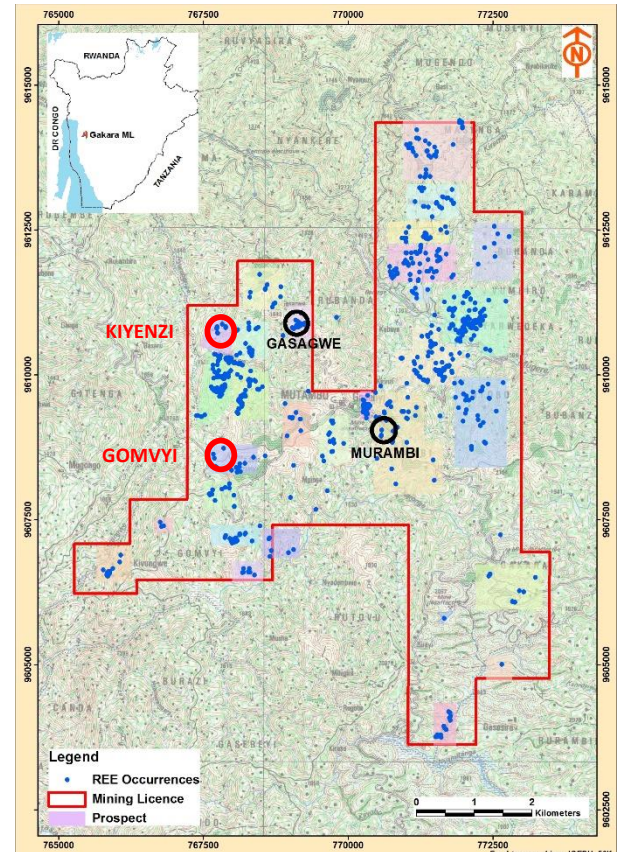
PROGRESS AT MURAMBI



ADDITIONAL MINING AREAS FOR 2019

NEW PITS PLANNED AT KIYENZI AND GOMVYI TO PROVIDE SCALE AND CONSISTENCY

- ▶ Experience so far justifies expansion to multiple pit strategy
- ▶ Greater scale of operations caters for inevitable variability of ore tonnes from each site and therefore adds more consistency to production
- ▶ Exploration work underway on Kiyenzi and Gomvyi suggests that both areas can be mined
- ▶ Both new pits expected to be in operation in H2 of calendar 2019, following necessary permitting and compensation process recently successfully undertaken for Murambi
- ▶ With multiple pits in operation the business is expected to reach breakeven and profitability in the second half of 2019



KABEZI PROCESSING PLANT

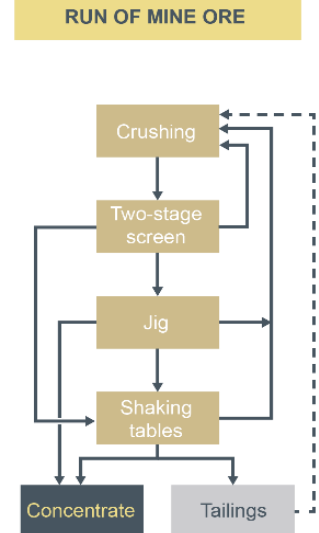
A SIMPLE EFFICIENT GRAVITY SEPARATION PROCESSING FACILITY

Fully operational
and
commissioned

Capacity
available to
increase
production
throughput
without further
capex

Located next to
asphalt road
providing ease of
access for
container trucks

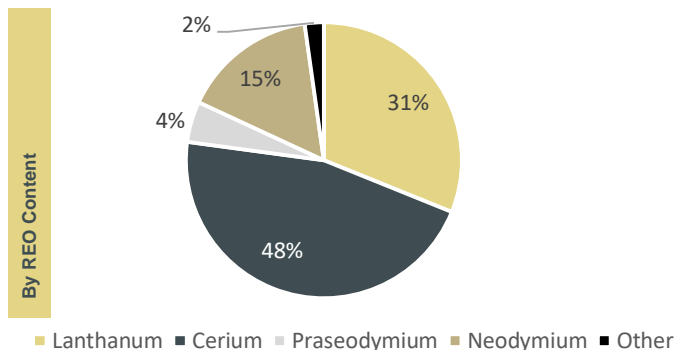
Sufficient
throughput
capacity for
substantial
production
increases



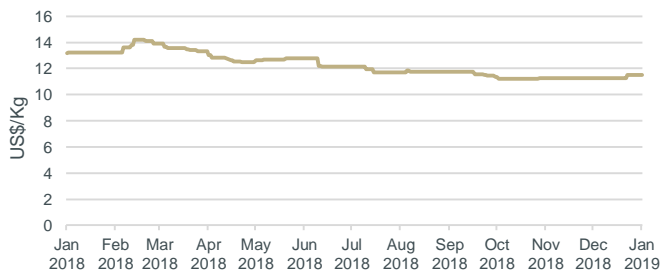
RAINBOW – SALES AND MARKETING

ORE VALUE STRONGLY WEIGHTED TOWARDS MAGNET RARE EARTHS

Basket composition



Rainbow Basket Price 2018 - 19



Value in Nd and Pr

- ▶ Based on Rainbow's typical concentrate sales, **magnet REEs account for approximately 19% of the contained REOs** within the ore, representing an average of **over 80% of the contained value** of REOs at current market prices
- ▶ thyssenkrupp Materials Trading handles all sales negotiations and logistics
- ▶ Customer demand extremely strong
- ▶ Bulk of Rainbow sales revenue received from TK upon transfer of title at Mombasa port
- ▶ Current basket price **US\$11.55/kg** (as at 08/03/19)



COOPERATION AGREEMENT WITH TECHMET AUGUST 18

DEAL ENABLES RAPID ACCELERATION OF DOWNSTREAM BUSINESS INVESTIGATION

- ▶ JV agreement whereby TechMet will fund up to US\$3m for a full Definitive Feasibility Study (“DFS”) for a downstream rare earth separation business, with the aim of processing Rainbow’s high grade concentrate into separated rare earths
- ▶ Separated rare earth oxides sell for a significantly higher price than Rainbow’s concentrate product, which typically includes a processing discount of approximately 70% on metal content
- ▶ The agreement enables Rainbow to benefit from TechMet’s extensive network of contacts and access to financing as well as rapidly accelerating plans to commence downstream processing of Rainbow’s concentrate



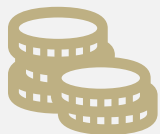
TECHMET
TechMet Ltd

- ▶ A private company investing in projects producing, processing and recycling strategic “technology metals”
- ▶ Led by prominent mining industry CEO Brian Menell
- ▶ 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

24 MONTH OBJECTIVES

NEAR-TERM OPTIONS INTENDED TO DRIVE VALUE FOR SHAREHOLDERS FOLLOWING INITIAL SUCCESS

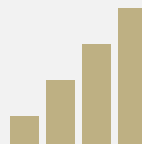
Targeting near-term positive EBITDA



Expanded exploration strategy and drilling campaign



Progressive increases in production from new mining areas



Completion of DFS for downstream processing via Techmet-funded JV



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