30 October 2023

Rainbow Rare Earths Limited
(“Rainbow” or “the Company”)
LSE: RBW

Preliminary Results for the Year ended 30 June 2023

Rainbow Rare Earths is pleased to announce its preliminary results for the year ended 30 June 2023 ("FY 2023" or the “Year”). The financial information in this release does not constitute the Financial Statements. The Group's Annual Report, which includes the audit report and audited Financial Statements for the year ended 30 June 2023, will be available on the Company's website at www.rainbowrareearths.com.

Highlights

- Demand for the rare earth elements (“REEs”) used in permanent magnets is forecast to rise significantly to meet global decarbonisation targets due to their essential use in electric vehicles (“EVs”) and wind turbines.

- Rapid progress has been made towards Rainbow’s aim to be a forerunner in the establishment of an independent and ethical supply chain of REEs.

- Rainbow has the opportunity to be a multi-asset rare earth developer with two opportunities targeting secondary sources of rare earths: the Phalaborwa phosphogypsum project in South Africa and, post Year-end via the Memorandum of Understanding signed with the Mosaic Company (“Mosaic”), the earlier stage Uberaba phosphogypsum project in Brazil.

- Both Phalaborwa and Uberaba host all four of the critical magnet rare earths, being neodymium and praseodymium (“NdPr”) and the heavies Dysprosium (“Dy”) and Terbium (“Tb”), which is where the most severe supply shortages are forecast.

- The Preliminary Economic Assessment (“PEA”) published in October 2022 highlighted Phalaborwa as one of the lowest cost rare earth projects in development today, allowing for strong cash generation in all foreseeable REE pricing scenarios.

- Phalaborwa’s proposed processing flow sheet to recover REEs was confirmed via the delivery of mixed rare earth sulphate in September 2023 from the front-end pilot plant in Johannesburg, South Africa; the back-end pilot plant in Lakeland, USA has completed commissioning and is expected to deliver separated rare earth oxides during the current quarter.

- Rainbow continued to cement its position within an independent and ethical supply chain via offtake agreements in principle with UK-based Less Common Metals for future rare earth oxide production, and with NEXUS in South Africa for its gypsum by-product.

- Phalaborwa project is founded on principles of circularity via the extraction of value from ‘waste’ products; planned sale of gypsum by-product will allow for complete environmental rehabilitation of site.

- Phalaborwa ownership increased from 70% to 85% with an option to acquire the remaining 15%.

- Rainbow has been working with carbon and climate change advisors to further understand Phalaborwa's potential environmental impacts and will provide its first annual disclosure in line with the recommendations of the Task Force on Climate-related Financial Disclosures in its 2023 Annual Report.

- Following the change in focus of Rainbow's business, the Directors decided against investing significant amounts in Burundi to develop a formal mineral resource resulting in an impairment review for the Gakara cash generating unit, which has been written down to a net asset value of nil.

Certain information contained in this announcement would have been deemed inside information for the purposes of Article 7 of Market Abuse Regulation (EU) No 596/2014 ("MAR") which has been incorporated into UK law by the European Union (Withdrawal) Act 2018 until the release of this announcement.

For further information, please contact:

Rainbow Rare Earths Ltd	Company	George Bennett Pete Gardner	+27 82 652 8526
	IR	Cathy Malins	+44 7876 796 629 cathym@rainbowrareearths.com
Berenberg	Broker	Matthew Armitt Jennifer Lee Detlir Elezi	+44 (0) 20 3207 7800
Tavistock Communications	PR/IR	Charles Vivian Tara Vivian-Neal	+44 (0) 20 7920 3150 rainbowrareearths@tavistock.co.uk

Notes to Editors:

Rainbow Rare Earths aims to be a forerunner in the establishment of an independent and ethical supply chain of the rare earth elements that are driving the green energy transition. It is doing this successfully via the identification and development of secondary rare earth deposits that can be brought into production quicker and at a lower cost than traditional hard rock mining projects, with a focus on the permanent magnet rare earth elements neodymium and praseodymium, dysprosium and terbium.

The Company is focused on the development of the Phalaborwa Rare Earths Project in South Africa and the earlier stage Uberaba Project in Brazil. Both projects entail the recovery of rare earths from phosphogypsum stacks that occur as the by-product of phosphoric acid production, with the original source rock for both deposits being a hardrock carbonatite. Rainbow intends to use a proprietary separation technique developed by and in conjunction with its partner K-Technologies, Inc., which simplifies the process of producing separated rare earth oxides (versus traditional solvent extraction), leading to cost and environmental benefits.

The Phalaborwa Preliminary Economic Assessment has confirmed strong base line economics for the project, which has a base case NPV_{10} of US$627 million[1], an average EBITDA operating margin of 75% and a payback period of less than two years. Pilot plant operations commenced in 2023, with the project expected to reach commercial production in 2026, just five years after work began on the project by Rainbow.

For more information, visit www.rainbowrareearths.com

[1] Net present value using a 10% forward discount rate

Chairman's Statement

Dear Shareholder,

The world is currently in the midst of a new industrial revolution – the transition to a sustainable green energy system. This shift is set to drive a huge increase in the requirements for the minerals needed to power clean energy technologies. Of these minerals, REEs are recognised as amongst those with the highest risk for supply shortages, as well as displaying considerable supply chain vulnerability due to China's dominant position in the market.

REEs are essential components of permanent magnets, which are found in a plethora of high tech products, including smartphones, camera lenses, plasma screens, hard drives and even artificial joints. However, it is their use in electric vehicles ("EVs") and wind turbines that is driving major future market growth, with Argus Media Ltd estimating that supply of the magnet rare earths, NdPr, Dy and Tb, will need to grow by ca. 8% per annum by 2032 in order to match demand.

Rainbow's aim is to be a forerunner in the establishment of an independent, sustainable and ethical supply chain of REEs and I am delighted to note that we made excellent progress towards this aim in the Year via the advancement of the Phalaborwa project in South Africa and, post Year end, via the MOU entered into with Mosaic to jointly develop the Uberaba project in Brazil.

Both projects target secondary sources of rare earths, being phosphogypsum stacks that are the residue of phosphoric acid production. These stacks sit at surface, thereby eliminating the traditional geological risk and cost of mining, and are therefore expected to have a significantly lower capital intensity and operating expenditure ("opex") than traditional rare earth mining projects. Furthermore they can be considered "near-term" production opportunities – for example, the Phalaborwa project is expected to commence operations in 2026, which is just five years after Rainbow secured the project.

The outstanding economics of the Phalaborwa project were confirmed via the publication of its Preliminary Economic Assessment ("PEA") in October last year, which noted a base case NPV_{10} of US$627 million, an average EBITDA operating margin of 75% and a payback period of less than two years. This very high margin sets Phalaborwa apart from other development projects in our space as it can withstand significant pricing volatility.

Post Year-end, the Phalaborwa project recorded a major milestone with the recovery of the first mixed rare earth sulphate from the front-end pilot plant in Johannesburg. This material is considered to be a commercially saleable product that could be a standalone revenue stream for the project, with an estimated sales value of ca. 60% of the global price for separated rare earth oxides. The mixed rare earth sulphate will be used as the feed stock to produce separated rare earth oxides at the back end pilot plant at K-Tech's facility in Florida.

Responsible supply

Rainbow's business model is driven by the shift to cleaner energy, in that we will produce the materials required to make permanent magnets needed for EVs and wind turbines - with this comes a responsibility to operate in a sustainable manner. We have the opportunity at Phalaborwa to clean up legacy environmental issues on site, the main one being acid water which has accumulated over the unlined gypsum stacks. The acid water will be neutralised and used as process water, with the remnant gypsum then deposited on new lined stacks according to International Finance Corporation ("IFC") / Equator Principles. This gypsum is intended to be further on-sold as a clean and benign feed for the cement and other industries, leaving the site rehabilitated to its original state over time.

Phalaborwa's potential to be a near-term source of ethical magnet rare earth supply was recognised by Less Common Metals Ltd ("LCM"), with whom we have entered into a strategic supply agreement for Phalaborwa production. LCM is currently the only rare earth metal and alloy manufacturing facility in the UK and one of the only facilities in the EU. Its location is of strategic importance to Rainbow as the Group's aim is to play an important part in the establishment of a Western supply chain for critical REEs outside of Chinese control.

Portfolio development

Post Year-end, the agreement with Mosaic represents a major opportunity for Rainbow to replicate Phalaborwa at a potentially larger scale. The Uberaba phosphogypsum material is similar to Rainbow's Phalaborwa project in South Africa in that the original feedstock was based on a hardrock carbonatite phosphate deposit. Initial assay analysis from samples have indicated an average grade of 0.58% total rare earth oxides ("TREO"), which is more than 30% higher than the 0.44% TREO for Phalaborwa, and confirmed that the Uberaba basket contains all four of the most economically important rare earths, NdPr at ca. 25% of the basket and includes the two "heavy" permanent magnet rare earths, Dy and Tb.

Further to the acquisition of the Phalaborwa project in December 2020 and the subsequent development of processing technology to recover REEs from phosphogypsum as a by-product of phosphoric acid production, the Directors have re-focused the business on secondary sources of REEs where they consider higher returns are available. As such, the Directors no longer intend to invest significant capital at the Gakara asset in Burundi to convert the existing resource target to a reserve status. This resulted in an impairment review being carried out for the Gakara assets in the year ended 30 June 2023 and led to the net assets being written down to nil as at 30 June 2023.

Corporate development

Rainbow's successful development in FY 2023 was rewarded by continued strong backing for the Company in the market, with a placing to raise US$9.5 million in May 2023 achieved at a premium of 30% to the share price, and a placing post Year-end in September 2023 to raise US$5.4 million achieved at a minor discount of 3% to the share price.

Both fundraisings included cornerstone participation by TechMet Limited ("TechMet"), a private investment company developing world class projects across the critical metals for the global energy transition, and which counts the US International Development Finance Corporation ("DFC") as a major backer.

Pursuant to the nomination right held by TechMet, Darryll Castle (currently Director of Operations for TechMet) joined the Rainbow Board in June 2023. Through his extensive career Darryll has served as an executive director of a number of mining and production companies and has first-hand operations and projects experience globally. We welcome Darryll to the Board.

Responsible production is a core component of our business model and Rainbow has made good progress this year with setting up the structural aspects that will ensure ESG is integrated into our operations. Post Year-end, the Board approved a new Sustainability Policy for the Group and we have committed to a number of United Nations Sustainable Development Goals ("SDGs"), which will provide a focal point for our sustainability strategy and plans.

We have been working with carbon and climate change advisors to further understand Phalaborwa's potential environmental impacts and have provided our first annual disclosure in line with the recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD").

Poised for success

I believe Rainbow offers a compelling investment opportunity in our space. Further to the MOU with Mosaic in Brazil, Rainbow has become one of the only rare earth development companies in the world with multiple near-term production opportunities, as well as occupying a unique position in the pipeline given our ability to utilise innovative and proprietary technology to take the processing of our material all the way through to separated rare earth oxides.

This is an exciting time for the Group and I look forward to the imminent production of separated rare earth oxides in Q4 calendar year ("CY") 2023, bearing in mind Rainbow will be one of the first companies to do this on US soil, which further validates our vision to be an integral part of an independent and Western supply chain of rare earths.

I would like to thank the host countries in which we operate and all our staff who have worked so diligently in laying the platform for delivering one of the most exciting rare earth stories in the world.

Adonis Pouroulis
Non-Executive Chairman

Q&A with the CEO

What do you consider to be the key achievements of FY 2023?

FY 2023 has been a period of further rapid development for Rainbow and the progression of our aim to be a forerunner in the establishment of an independent and ethical supply chain of the rare earth elements driving the green energy transition.

The publication of the Phalaborwa PEA in October last year demonstrated that this was one of the lowest cost rare earth projects in development today and, not only that, it could be brought into production at a much quicker pace than traditional projects, as it involves the processing of gypsum stacks already sitting at surface, thereby eliminating the cost and risk of mining.

Phalaborwa will use a unique processing flowsheet that was developed by and in conjunction with our partner K-Tech and which incorporates continuous ion exchange ("CIX") and continuous ion chromatography ("CIC"). While this technology was proven at lab-scale, we wanted to demonstrate that it is commercially viable and this was achieved both during the Year and post Year-end via the successful operation of our pilot plant and the production of the mixed rare earth sulphate.

This validates Rainbow's business model and has allowed us to target other phosphogypsum resources globally. Post Year-end, we signed an MOU with Mosaic in Brazil with regards to the Uberaba phosphogypsum stack, which is expected to have comparable characteristics to Phalaborwa due to the similarities of the host rock. This deal has opened up the future for Rainbow to become a multi-asset producer of rare earth elements from secondary sources.

Post Year-end, we also entered into a strategic supply agreement with LCM, the UK-based world leader in the manufacture and supply of complex alloy systems and metals. Securing a buyer of our separated rare earth oxides that shares our values and aspirations was of strategic importance to Rainbow, especially as the vast majority of rare earth processing and manufacturing companies are based in China.

The intention is for the separated rare earth oxides produced by Phalaborwa to be manufactured by LCM into metal in order to create an alloy, which is then supplied to permanent magnet manufacturers in the EU and the USA, with the ultimate customer of the rare earth permanent magnets being clearly defined and in alignment with the positioning of both Rainbow and LCM in a Western supply chain.

And what were the key challenges?

We continued to see turbulence in the global geopolitical landscape, which had ramifications for economies worldwide, particularly with the ongoing disruption to supply chains and the rising cost of various inputs and commodities. This compounded the issue of slower global economic activity and growth that was already an issue further to the impacts of the Covid-19 pandemic.

We have found that this has played out with investors taking a "risk-off" approach, especially with regards to smaller companies in the resources sector. In spite of these external, macro-economic challenges, we continue to be greatly encouraged by the progress we have been able to make internally and fortunately we have a host of catalyst points over the next six months to two years, as we deliver on the various milestones that bring Phalaborwa closer to first production in 2026.

Another challenge relates to volatility in the pricing of rare earths experienced during the Year, albeit Rainbow is not in production as of yet. Pricing performed strongly in the year ended 30 June 2022 ("FY 2022") due to surging demand, especially following a rush to install offshore wind capacity in China to take advantage of government subsidies, combined with the continued adoption of EVs worldwide. Pricing was also positively impacted by supply disruptions due to the COVID-19 pandemic and the start of the conflict between Ukraine and Russia. However, in FY 2023 we saw a correction in pricing as China increased supply, set against a backdrop of softer economic conditions.

At the time of this Report, pricing has recovered from the lows and expectations are for further improvements into 2024.

We remain confident that the long-term outlook for rare earth demand and pricing is positive as there is a mandated shift to the electrification of our transport system, as well as the exponential roll-out of offshore wind capacity worldwide in order to meet global decarbonisation and net zero targets.

Can you give an update on the Phalaborwa project?

Work at Phalaborwa has continued apace and we are underway with all the various workstreams required for the Definitive Feasibility Study ("DFS"), which we plan to complete by the end of H2 CY 2024 subject to funding.

A major component of this was the construction, commissioning and operation of the pilot plant to prove up our proprietary separation technology, both at scale and on a continuous basis, as well as to produce sufficient quantities of separated permanent magnet rare earth oxides for testing and marketing purposes.

During the Year, the decision was made to split the pilot plant, so that the front-end, which will produce a high-value mixed rare earth sulphate, would remain in South Africa close to the Phalaborwa project, while the back-end, which will produce separated rare earth oxides, would be built and run at the premises of our partner, K-Tech. This would deliver cost and time efficiencies as a result of removing the logistics involved in transporting pilot-scale equipment from the USA, where it is designed, fabricated, and tested, to South Africa, where it would have to be reassembled and commissioned, as well as ensuring that key K-Tech personnel would be available on site to oversee and optimise the process in real-time.

Post Year-end, we achieved a major milestone with the production of the first mixed rare earth sulphate from Phalaborwa phosphogypsum material at the pilot plant front-end pilot plant in Johannesburg. This was a significant de-risking event for the project and the Group, as it confirms Phalaborwa as a rare earth producer and can provide a standalone revenue stream for the project.

This material will be used as feed for the back-end pilot plant and will be processed further to produce separated rare earth oxides in Q4 CY 2023.

How does the Phalaborwa project compare to other rare earth development projects globally?

Phalaborwa is a unique project with exceptional economics, as demonstrated by the PEA. One of the main aspects that attracted me to the project was its comparatively low cost base, which provides resilience against pricing volatility:

- firstly, as this is not a traditional mining project there are no costs associated with drilling, blasting, crushing, milling and flotation to produce a mixed rare earth concentrate;
- secondly, the phosphogypsum material has already been chemically "cracked" because it is the by-product of phosphoric acid production, meaning it has already been subjected to heat and sulphuric

acid – the cracked material allows for a simpler hydrometallurgical process to produce separated and purified rare earth oxides; and
- thirdly, the CIX / CIC separation technology developed by K-Tech replaces traditional solvent extraction ("SX") technology, which uses toxic and flammable solvents and diluents and requires many different stages, thereby delivering a process that is safer and more environmentally responsible, as well as reduced capital and operating costs due to a simplified flowsheet.

The project also has exceptional sustainability-related opportunities as it is founded on the principles of circularity. We will be taking a waste product (the existing phosphogypsum stacks), cleaning it and extracting value from it – both via the recovery of the REEs and then via the sale of the benign gypsum that is produced as the by-product of the process. Our operations will see the clean-up of the legacy environmental issues, namely the acid water on site, and will fully deplete the gypsum stacks over time, thereby allowing for a full-circle environmental rehabilitation of the site.

Finally, a key benefit of targeting a secondary source of rare earths in this manner is that the project can be brought into production in a much quicker manner than traditional mining projects. In fact, we are targeting for the project to begin production just five years after we commenced work on site.

What are the key risks to its development?

As the process developed with and by K-Tech is a novel process, albeit using existing technologies and equipment, investors undoubtedly saw technology risk as a key hurdle to investment. This was why the successful production of a mixed rare earth sulphate from the front-end pilot plant in August 2023 was an important milestone; however, we expect to see the benefit of a "de-risked" investment case once the backend pilot plant produces the separated rare earth oxides – expected in Q4 2023.

Management has always had a high level of confidence in the technology. For us, it is more about timing of the project development and what could impact that. Permitting in South Africa is a factor, which is why we are running the various workstreams required already, alongside or incorporated with the DFS requirements. The fact that the project will be cleaning up the legacy issue of acid water on site I think incentivises the permitting process to stay on track as it is to the benefit of the local environment and communities.

In terms of financing, we believe that Phalaborwa will continue to be of interest to strategic investors, especially since it will produce all four of the critical rare earths for permanent magnets, including the heavies Dy and Tb, which are of even scarcer supply. In fact, McKinsey released a report in 2023 noting that of all the critical minerals it surveyed, Dy could see the most severe imbalances of supply with potential "shortages of up to 70% of demand". These heavy rare earths are essential to produce the kind of high-performance permanent magnets needed for EVs and wind turbines.

Our job is to ensure that Phalaborwa maintains its position in an independent and responsible supply chain. This will open the door to investment from the various US initiatives that have been set up to fund US interests in the green transition. We have already seen this via the involvement of TechMet, which has a 12% stake in Rainbow, and, indirectly, their major shareholder the DFC.

What are the priorities for FY 2024?

The production of the separated rare earth oxides in the back-end pilot plant will be the most important milestone in the project to date and it is even more exciting and symbolic that they will be produced in the US. This favourable position has led us to consider permanently basing our oxide separation process in the US and we will continue to evaluate this.

We will maintain the pace of the project development to date with the continued progress with the environmental and social impact assessment ("ESIA") and publication of the DFS by the end of FY 2024 and that will set the scene to commence project finance and on to construction.

We will look to gain a better understanding of the mineralogy of the Uberaba stack, which will inform the future work programme around resource delineation and development of a flowsheet adapted to the Uberaba material.

We will continue to work with OCP and UM6P to evaluate the optimal technique for the extraction of REEs from sedimentary-sourced phosphogypsum. While this is a longer-term project, it represents an exciting opportunity for Rainbow due to the scale of the opportunity if test work can achieve favourable results, as it will unlock the enormous potential of rare earths contained in sedimentary-sourced phosphogypsum material.

Finally we will also be continuing to develop our sustainability approach and practices within the Group, bearing in mind these are an essential part of our future success, and are conducting a life cycle assessment ("LCA") at Phalaborwa to understand the environmental impacts associated with the lifecycle of rare earths production.

It's an exciting period ahead. I would like to thank the Rainbow team, as well as our various partners and contractors, for working tirelessly to deliver the results we have to date.

George Bennett
Chief Executive Officer

Financial Review

Rainbow's strategic focus is to identify and develop secondary rare earth deposits that can be brought into production quicker and at a lower cost than traditional hard rock mining projects. As a developer, Rainbow capitalises the costs of exploration and evaluation for each identifiable project once the legal right to the project has been secured. During the Year, as a result of the successful PEA released for Phalaborwa and the growing pipeline of growth opportunities from the associated processing technology, the Directors decided against investing significant amounts in Burundi to develop a formal mineral resource. As a result an impairment review was carried out on the Gakara cash generating unit, which has been written down to a net asset value of nil. As a result, the Financial Statements now reflect the updated business strategy, with the exploration and evaluation assets on the balance sheet relating solely to Phalaborwa and the income statement dominated by the impairment charge against Gakara.

Profit and Loss

The loss for the Year reflects the impairment of the Gakara cash generating unit and the ongoing administrative costs for the Group.

As noted above, due to the change in strategy an impairment review was carried out for the Gakara cash generating unit during the Year, which comprised both intangible and tangible fixed assets together with cash, mineral concentrate, royalty receivables and consumables held in stock. The liabilities associated with the Gakara project include a loan, decommissioning, site rehabilitation and environmental costs, tax liabilities and trade payables. Based on the assessment of both the legal and political position in Burundi, the Directors were unable to foresee a date when the operations at the project would be able to restart and accordingly have written the net assets of the Gakara cash generating unit to nil, with an impairment charge of US$9.6 million recognised.

Within administration expenses, the costs associated with maintaining the Gakara project on care and maintenance totalled US$0.9 million (FY 2022: US$1.3 million) including US$0.3 million of non-cash depreciation associated with the tangible fixed assets prior to the impairment (FY 2022: U$0.4 million). The Group continues to focus on minimising costs associated with the asset.

The Group's other corporate costs totalled US$2.6 million (FY 2022: US$2.3 million). This increase was driven primarily by an increase in business development costs as the Group started to develop its pipeline of growth opportunities including both Uberaba and OCP.

Net finance income of US$0.2 million (FY 2022: costs of US$0.3 million) represents foreign exchange differences, primarily relating to movements between the Burundian Franc ("BIF") and US dollars, the functional currency of the Group. Finance costs also include US$0.1 million (FY 2022: US$0.1 million) associated with the FinBank loan in Burundi.

Balance Sheet

As set out above, the Gakara impairment has had a significant impact on the Group balance sheet, with US$9.8 million of non-current assets at 30 June 2022 relating to Gakara (US$8.6 million of exploration and evaluation costs and tangible fixed assets with a net book value of US$1.0 million) being written down to nil. The Gakara cash generating unit now includes US$0.7 million of mineral concentrate inventory, carried at cost, which is offset by the FinBank loan (US$0.4 million) and other net liabilities of US$0.3 million dominated by tax and government liabilities in Burundi which have not been settled whilst the suspension of activities persists.

A total of US$2.9 million of exploration and evaluation assets were capitalised in the Year relating to Phalaborwa, leaving a closing capitalised cost of US$4.8 million. Expenditure accelerated following completion of the PEA in October 2022 as pilot test work commenced alongside other activities to develop a DFS. At the balance sheet date, the Group has no tangible fixed assets and no obligations for environmental closure at the Phalaborwa site.

At 30 June 2023, the Group held US$8.1 million of cash and cash equivalents which is predominantly held with Barclays Bank in London, having raised US$9.5 million in May 2023 at a price of 10.377 pence per share.

Going Concern

In July 2023, US$5 million was paid to Barak Fund SPC Limited on behalf of Bosveld Phosphates (Pty) Limited to secure a path to 100% ownership of Phalaborwa. As a result of the payment, the Group secured an immediate 85% interest in Phalaborwa and was granted an option to acquire the remaining 15% via the issue of US$7 million in shares. In September 2023, the Company replenished the funds spent on the Phalaborwa acquisition, raising US$5.5 million at a price of 15 pence per share, of which US$0.7 million is subject to shareholder approval at the forthcoming AGM.

Based on a review of cash flow forecasts for the period to 31 December 2024, at least US$3.4 million of additional funding will need to be raised before 31 December 2024, the timing of which is dependent primarily on the speed at which the Phalaborwa DFS is completed, which is within management's control. Whilst this funding requirement does represent a material uncertainty which may cast significant doubt on the ability of the Company to continue as a going concern, the Board is confident that this funding will be secured based on its history of successful fundraising.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2023

	Notes	Year ended 30 June 2023 US$'000	Year ended 30 June 2022 US$'000
Revenue		-	-
Cost of sales		-	-
Gross profit		**-**	**-**
Administration expenses		(3,509)	(3,585)
Impairment of Gakara assets	3	(9,575)	(69)
Loss from operating activities		**(13,084)**	**(3,654)**
Finance income		377	216
Finance costs		(158)	(543)
Loss before tax		**(12,865)**	**(3,981)**
Income tax expense		-	(4)
Total loss after tax and comprehensive expense for the year		**(12,865)**	**(3,985)**
Total loss after tax and comprehensive expense for the year is attributable to:			
Non-controlling interest		(881)	(105)
Owners of parent		(11,984)	(3,880)
		(12,865)	**(3,985)**
The results of each year are derived from continuing operations			
Loss per share (cents)			
Basic	4	**(2.23)**	**(0.76)**
Diluted	4	**(2.23)**	**(0.76)**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

	Notes	Year ended 30 June 2023 US$'000	Year ended 30 June 2022 US$'000
Non-current assets			
Exploration and evaluation assets	5	4,830	10,588
Property, plant and equipment	6	27	1,043
Right of use assets		39	108
Total non-current assets		**4,896**	**11,739**
Current assets			
Inventory		718	858
Trade and other receivables		365	401
Cash and cash equivalents		8,107	4,134
Total current assets		**9,190**	**5,393**
Total assets		**14,086**	**17,132**
Current liabilities			
Trade and other payables		(1,250)	(909)
Borrowings		(201)	(235)
Lease liabilities		(23)	(32)
Total current liabilities		**(1,474)**	**(1,176)**
Non-current liabilities			
Borrowings		(285)	(518)
Lease liabilities		(21)	(81)
Provisions		(55)	(61)
Total non-current liabilities		**(361)**	**(660)**
Total liabilities		**(1,835)**	**(1,836)**
NET ASSETS		**12,251**	**15,296**
Equity			
Share capital	7	50,937	41,442
Share-based payment reserve		1,719	1,467
Other reserves		-	-
Retained loss		(38,483)	(26,572)
Equity attributable to the parent		**14,173**	**16,337**
Non-controlling interest		(1,922)	(1,041)
TOTAL EQUITY		**12,251**	**15,296**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2023

	Share capital US$'000	Share- based Payments US$'000	Share warrant reserve US$'000	Other reserves US$'000	Accumulated losses US$'000	Attributable to the parent US$'000	Non-controlling interest US$'000	Total US$'000
Balance at 1 July 2021	**32,465**	**1,295**	**-**	**60**	**(22,878)**	**10,942**	**(936)**	**10,006**
Total comprehensive expense								
Loss and total comprehensive loss for year	-	-	-	-	(3,880)	(3,880)	(105)	(3,985)
Transactions with owners								
Shares placed during the year for cash consideration	8,779	-	-	-	-	8,779	-	8,779
Share placing transaction costs	(240)	-	-	-	-	(240)	-	(240)
Non-cash issue of shares during the period, net of costs	157	-	-	-	-	157	-	157
Eliminate historic discount on extinguishment of interest free bridge loan	-	-	-	(60)	60	-	-	-
Fair value of employee share options in year	-	298	-	-	-	298	-	298
Share options exercised in the year, net of costs	281	(126)	-	-	126	281	-	281
Balance at 30 June 2022	**41,442**	**1,467**	**-**	**-**	**(26,572)**	**16,337**	**(1,041)**	**15,296**
Total comprehensive expense								
Loss and total comprehensive loss for year	-	-	-	-	(11,984)	(11,984)	(881)	(12,865)
Transactions with owners								
Shares placed during the year for cash consideration	9,485	-	-	-	-	9,485	-	9,485
Share placing transaction costs	(115)	-	-	-	-	(115)	-	(115)
Fair value of employee share options in year	-	325	-	-	-	325	-	325
Share options cancelled in year	-	(13)	-	-	13	-	-	-
Share options exercised in the year, net of costs	125	(60)	-	-	60	125	-	125
Balance at 30 June 2023	**50,937**	**1,719**	**-**	**-**	**(38,483)**	**14,173**	**(1,922)**	**12,251**

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 30 June 2023

	For year ended 30 June 2023 US$'000	For year ended 30 June 2022 US$'000
Cash flow from operating activities		
Loss from operating activities	(13,084)	(3,654)
Adjustments for:		
Depreciation	382	380
Impairment	9,575	69
Share-based payment charge	325	297
Operating loss before working capital changes	**(2,802)**	**(2,908)**
Net decrease in inventory	-	5
Net increase in trade and other receivables	(31)	(29)
Net decrease in trade and other payables	(94)	(100)
Cash used by operations	**(2,927)**	**(3,032)**
Realised foreign exchange gains	156	186
Finance income	-	-
Finance costs	-	-
Taxes paid	-	(2)
Net cash used in operating activities	**(2,771)**	**(2,848)**
Cash flow from investing activities		
Purchase of property, plant & equipment	(28)	(42)
Exploration and evaluation costs	(2,510)	(837)
Net cash used in investing activities	**(2,538)**	**(879)**
Cash flow from financing activities		
Repayment of borrowings	(61)	(1,009)
Interest payments on borrowings	(78)	(138)
Payment of lease liabilities	(42)	(24)
Proceeds from the issuance of ordinary shares	9,610	9,077
Transaction costs of issuing new equity	(115)	(275)
Net cash generated by financing activities	**9,314**	**7,631**
Net increase in cash and cash equivalents	**4,005**	**3,904**
Cash & cash equivalents at the beginning of the year	**4,134**	**573**
Foreign exchange loss on cash and cash equivalents	(32)	(343)
Cash & cash equivalents at the end of the year	**8,107**	**4,134**

NOTES:

1. BASIS OF PREPARATION

The financial information set out herein does not constitute the Group's statutory financial statements for the year ended 30 June 2023, but is derived from the Group's audited financial statements. The auditors have reported on the FY 2023 financial statements and their reports were unqualified. The financial information in this statement is audited but does not have the status of statutory accounts.

The financial statements and the information contained in this announcement have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU), including International Accounting Standards and Interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC). This is consistent with the accounting policies in the 30 June 2022 financial statements.

2. GOING CONCERN

As at 30 June 2023, the Group had total cash of US$8.1 million. During Q3 CY2023 the Group paid out a total of US$7.3 million including costs of US$5.7 million to secure an immediate 85% interest in the Phalaborwa project. On 27 September 2023 the Company announced a private placement raising £4.5 million (approximately US$5.5 million) before costs estimated at US$0.1 million, of which £3.9 million had been received at 27 October 2023. Going forward the Group expects further cash income of £0.6 million from the equity fund raise that is subject to shareholder approval, which is expected to be received at the Company’s AGM on 20 November 2023, and has no commitments.

The Board have reviewed a range of potential cash flow forecasts for the period to 31 December 2024, including reasonable possible downside scenarios. This has included the following assumptions:

Corporate

The forecast includes US$3.2 million of ongoing general and administrative costs of the Group over the 18-month period from 1 July 2023 to 31 December 2024 (the “Period”), based on the current administrative costs of the Group. This includes US$0.2 million in respect of pursuing new business opportunities, which will cover only the initial test work at the opportunities identified to date including the opportunity with OCP in Morocco and the opportunity with the Mosaic Company in Brazil.

Management’s reasonably plausible downside scenario includes a 10% contingency for unexpected costs plus a further US$0.25 million per annum for business development costs.

Phalaborwa

The forecast includes US$5.7 million of costs relating to the acquisition of the 85% ownership in Phalaborwa, including relevant transaction costs, which was announced on 28 June 2023 and paid in Q3 2023 as noted above. The forecast also includes all costs required for the completion of the Phalaborwa DFS, estimated at US$5.9 million, inclusive of a 10% contingency. This includes all costs associated with the ongoing pilot test work campaign underway in both South Africa and USA.

The forecast also includes salary and consultant costs of US$0.6 million for the core project team tasked with advancing the project. No further contingency on the costs associated with the DFS was considered necessary for management’s reasonably plausible downside scenario as the base case forecast includes relevant contingencies. Management’s reasonably plausible downside scenario includes a 10% contingency on the costs of the core project team.

Uberaba

A memorandum of understanding was signed on 17 July 2023 with Mosaic to jointly develop a process flowsheet and conduct a preliminary economic assessment related to the extraction of rare earth elements from Mosaic's phosphogypsum stack in the Uberaba area of Minas Gerais in Brazil. At the date of this Report, the Group has no commitments in respect of this project. A detailed budget for the anticipated work stream is not yet available and will need to be agreed with Mosaic, but it is noted that management’s reasonably plausible downside scenario would not be sufficient for a resource to be defined and a PEA to be developed and further funding may be required to allow for the Uberaba opportunity to be de-risked, the timing of which cannot be accurately predicted at this time.

Gakara

The cash flow forecasts assume ongoing care and maintenance costs totalling US$0.6 million, including amounts payable under the FinBank loan facility in Burundi. The Group has determined that no additional cash outflows will be incurred on Gakara until the export ban and mining suspension has been lifted. In the event that the Gakara project did return to operations, stock of rare earth concentrates with a current estimated gross sales value of US$1.0 million would be sold to provide the funds to re-commence operations. The re-start would be conditional on the Gakara project not requiring additional financial support from Rainbow Rare Earths Limited at then current rare earth prices.

Conclusion

The base case forecast includes a total cash outflow over the Period of US$16.1 million. Management's reasonably plausible downside scenario, which includes a 10% contingency for corporate costs, fixed costs at Phalaborwa and Gakara costs, together with a further allowance for business development opportunities, includes a total cash outflow of US$16.9 million.

At 30 June the Group had US$8.1 million of available cash which together with US$5.4 million of net funds raised in September 2023 provides US$13.5 million of available resources, which confirms that the Group will need to raise additional funds before 31 December 2024, the timing of which is dependent primarily on the speed at which the Phalaborwa DFS is completed, which is within managements control. Management's reasonably plausible downside scenario suggests that at least US$3.4 million will need to be raised, along with any funds required to progress the Uberaba opportunity in Brazil.

The Board is confident that this funding will be secured, based on its history of successful fundraising. However, it also acknowledges that this funding is not, at the present time, in place. Accordingly, the Board acknowledges that the need for additional funding represents a material uncertainty which may cast significant doubt on the ability of the Group to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business. The financial statements do not include any adjustments that would result if the Group was unable to continue as a going concern.

3. Impairment of Gakara Assets

The assets associated with the Gakara project include both intangible and tangible fixed assets together with cash, mineral concentrate, royalty receivables and consumables held in stock. The liabilities associated with the Gakara project include a loan, decommissioning, site rehabilitation and environmental costs, tax liabilities and trade payables.

Despite the ongoing suspension, the Directors note that the Government of Burundi has not suggested that the licence will be withdrawn. The Directors also continue to believe that the licence area represents a significant area of rare earth mineral potential. However, the Directors do consider that an indicator of impairment exists at 30 June 2023 due to the re-focus of Rainbow's business on the Phalaborwa asset and growth opportunities from the associated processing technology. As such, the Directors do not envisage investing significant amounts in Burundi to develop a formal mineral resource and therefore an impairment review is required under IFRS 16 paragraph 20.

Based on the assessment of both the legal and political position in Burundi, the Directors were unable to foresee a date when the operations at the project would be able to restart and accordingly have written the net assets of the Gakara cash generating unit to nil, with a total impairment cost of US$9.6 million recognised in the Year.

4. LOSS PER SHARE

The earnings per share calculations for 30 June 2023 reflect the changes to the number of ordinary shares during the Year.

At the start of the Year, 524,405,810 shares were in issue. During the Year, a total of 74,452,846 new shares were allotted (see note 7 Share Capital) and on 30 June 2023, 598,858,656 shares were in issue. The weighted average of shares in issue in the Year was 536,805,149.

The loss per share has been calculated using the weighted average number of ordinary shares in issue. The Group was loss making for all periods presented, therefore the dilutive effect of share options has not been accounted for in the calculation of diluted earnings per share, since this would decrease the loss per share for each reporting period.

	Basic and diluted	
	2023	**2022**
Loss for the year (US$'000) attributable to ordinary equity holders	(11,984)	(3,880)
Weighted average number of ordinary shares in issue during the Year	536,805,149	508,566,911
Loss per share (cents)	**(2.23)**	**(0.76)**

5. EXPLORATION AND EVALUATION ASSETS

	Gakara US$'000	Phalaborwa US$'000	Total US$'000
At 1 July 2021	**8,635**	**1,116**	**9,751**
Additions	-	837	837
At 30 June 2022	**8,635**	**1,953**	**10,588**
Additions	-	2,877	2,877
Impairment	(8,635)	-	(8,635)
At 30 June 2023	**-**	**4,830**	**4,830**

Only costs relating to the Phalaborwa Project were capitalised during the Year. The Burundi Project has been under care and maintenance throughout the Year and, accordingly, none of the costs meet the requirements under the Group's accounting policy for capitalisation.

On 12 April 2021, RMB received notification from the Ministry of Hydraulics, Energy and Mines of the Republic of Burundi of a temporary suspension on the export of concentrate produced from the trial mining and processing operations at the Gakara Project. On 29 June 2021, a further notification was received temporarily suspending all trial mining and processing operations pending negotiations on the terms of the Gakara mining convention signed in 2015.

The Directors have confirmed from independent legal advisors that the mining convention in place between RMB and the Government of Burundi remains legally binding on both parties, and that the actions of the Government of Burundi have not been in accordance with that legally binding agreement. However, despite ongoing engagement with the Government of Burundi since the export ban was initially imposed, RMB has not received permission to re-start operations and is unable to reliably estimate when such a re-start may be possible.

Since acquiring the Phalaborwa project in December 2020 and the subsequent development of processing technology to recover rare earth elements from phosphogypsum as a by-product of phosphoric acid production, the Directors have re-focused the business on secondary sources of rare earth elements where they consider higher returns are available. As such the Directors no longer intend to invest significant amounts at Gakara to convert the existing resource target to a reserve capable of supporting long term commercial production, resulting in an impairment review being carried out for the Gakara exploration and evaluation assets in the year ended 30 June 2023.

Based on an assessment of both the legal and political position in Burundi, the Directors consider that the fair value of the Gakara exploration and evaluation assets calculated in accordance with IAS 36 is nil and an impairment loss has been recognised.

FinBank SA hold security over the fixed and floating assets of RMB which include the impaired exploration and evaluation assets associated with the Gakara mining permit in Burundi.

6. PROPERTY, PLANT AND EQUIPMENT

US$'000	Mine development costs	Plant & machinery	Vehicles	Office equipment	Total
Cost					
At 1 July 2021	**183**	**2,847**	**1,582**	**45**	**4,657**
Additions	-	42	-	-	**42**
At 30 June 2022	**183**	**2,889**	**1,582**	**45**	**4,699**
Additions	-	-	24	4	**28**
At 30 June 2023	**183**	**2,889**	**1,606**	**49**	**4,727**
Depreciation					
At 1 July 2021	**73**	**2,667**	**539**	**24**	**3,303**
Charge for year	26	1	316	10	353
At 30 June 2022	**99**	**2,668**	**855**	**34**	**3,656**
Charge for the year	25	5	317	2	349
Impairment	59	216	410	10	695
At 30 June 2023	**183**	**2,889**	**1,582**	**46**	**4,700**
Net Book Value at 30 June 2023	**-**	**-**	**24**	**3**	**27**
Net Book Value at 30 June 2022	84	221	727	11	1,043
Net Book Value at 30 June 2021	110	180	1,043	21	1,354

As set out in note 5, the Directors recognise that the ongoing suspension of all activities of RMB in Burundi and the subsequent decision not to commit investment for the conversion of the Gakara resource target to reserves requires an impairment review for the tangible fixed assets relating to the project in accordance with IAS36. Based on an assessment of both the legal and political position in Burundi, the Directors consider that the fair value of the property, plant and equipment associated with the Gakara project calculated in accordance with IAS 36 is nil and an impairment loss has been recognised.

FinBank SA hold security over the fixed and floating assets of RMB which include the impaired property, plant, and equipment in Burundi

7. SHARE CAPITAL

	Year Ended 30 June 2023 US$'000	Year Ended 30 June 2022 US$'000
Share Capital	50,937	41,442
Issued Share Capital	**50,937**	**41,442**

The table below shows a reconciliation of share capital movements:

	Number of shares	US$'000
At 30 June 2021	**476,411,434**	**32,465**
July 2021 - Exercise of share options (cash receipts)	2,500,000	182
October 2021 - Share placing – Cash receipts net of costs	32,900,000	6,557
November 2021 - Share placing – Cash receipts net of costs	10,000,000	1,982
December 2021 – Pipestone Loan repayment shares	875,389	175
April 2022 - Exercise of share options (cash receipts)	1,718,987	116
Costs associated with exercise of share options and loan settlement	-	(35)
At 30 June 2022	**524,405,810**	**41,442**
November 2022 - Exercise of share options (cash receipts)	2,000,000	125
May 2023 - Share placing (cash receipts)	72,452,846	9,485
Costs associated with exercise of share options and share placing	-	(115)
At 30 June 2023	**598,858,656**	**50,937**

On 13 July 2021, the Australian Special Opportunity Fund, LP exercised options over 2.5 million shares at an exercise price of 5.28p per share, raising gross cash proceeds of US$182k.

On 13 October 2021, the Company issued 32.9 million shares at a price of 15 pence per share, raising gross cash proceeds of US$6.8 million (before costs of $221k).

On 15 November 2021, the Company issued a further 10.0 million shares at a price of 15 pence per share, raising gross cash proceeds of US$2.0 million (before costs of $18k).

On 25 April 2022, the Australian Special Opportunity Fund, LP exercised options over 1,718,987 million shares at an exercise price of 5.28p per share, raising gross cash proceeds of US$116k.

On 10 November 2022, the Australian Special Opportunity Fund, LP exercised options over 2,000,000 shares at an exercise price of 5.28p per share, raising gross cash proceeds of US$125k.

On 9 May 2023, the Company issued 72,452,846 shares at a price of 10.377 pence per share, raising gross cash proceeds of US$9.5 million (before costs of US$0.1 million).

On 5 October 2023 a further 26,412,257 shares were issued at a price of 15 pence per share.

8. POST BALANCE SHEET EVENTS

On 28 June 2023, the Company announced an agreement with Bosveld Phosphates (Pty) Limited ("Bosveld") to secure a path to 100% ownership of the Phalaborwa project. As a result, in July 2023 the Company paid US$5 million to Barak Fund SPC Limited on behalf of Bosveld as a result of which the Company secured an immediate 85% interest in the Phalaborwa project and was granted an option to acquire the remaining 15% via the issue of US$7 million in shares. As a result of the transaction a success fee of £500,000 was paid to Magna in July 2023.

On 17 July 2023, the Company announced that it had entered into a memorandum of understanding with Mosaic to jointly develop a process flowsheet and conduct a preliminary economic assessment related to the extraction of rare earth elements from Mosaic's phosphogypsum stack in the Uberaba area of Minas Gerais in Brazil.

On 27 September 2023, the Company announced the successful completion of a private placement raising £4.5 million (approximately US$5.5 million) via the issue of 30 million new Ordinary Shares of no par value at an issue price of £0.15 per share. The initial tranche of 25,786,541 shares was allotted and admitted to trading on 5 October 2023 under the disapplication of pre-emption rights granted at the Company's last Annual General Meeting held on 22 November 2022. The final tranche of 4,213,459 shares are subject to the approval of shareholders at the next Annual General Meeting to be held in November 2023.