



27 October 2025

Rainbow Rare Earths Limited
("Rainbow" or "the Company")

Preliminary Results for the Year ended 30 June 2025

Rainbow Rare Earths is pleased to announce its preliminary results for the year ended 30 June 2025 ("FY 2025" 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 2025, will be available on the Company's website at www.rainbowrareearths.com.

Highlights

- Rare earth elements ("REE") are vital to both economic resilience and national security. The imposition of export controls by China in April 2025, followed by further tightening proposed in October 2025, has galvanised the West to act to secure independent and responsible supply of these critical minerals.
- Rainbow is at the forefront of addressing these challenges, with the Phalaborwa project in South Africa recognised as a near-term and strategic source of both the light and heavy rare earths that are indispensable to the green energy transition, defence and many other daily and advanced technologies.
- Strong project backing from the United States International Development Finance Corporation ("DFC"), which is an indirect shareholder via TechMet Limited ("TechMet") and has also committed US 50 million in project equity funding, as well as backing by Ecora Resources PLC ("Ecora"), which chose Phalaborwa as its first royalty in the REE space.
- Our world-class laboratory in Johannesburg, one of the most sophisticated mineral analysis facilities on the continent, is perfecting the process to extract REE from phosphogypsum. This technology offers unique environmental and social benefits by transforming legacy waste into critical inputs for society.
- As a chemical processing operation, with no mining, hauling or stockpiling required, Phalaborwa is positioned right at the lowest end of the global industry cost curve and is expected to be one of the highest margin projects in development today.
- Excellent technical progress made with the production of a high-purity, mixed rare earth product ("MREP"), which significantly exceeds average industry standards. An evaluation is underway to define the optimal route to separation, with the final products expected to be a separated NdPr oxide and a SEG+ product combining the full suite of medium and heavy rare earths.
- Rainbow will now run a pilot scale plant to validate the updated primary flowsheet parameters, as well as incorporating and demonstrating the expected capital and operating cost savings from ongoing trade-off studies.
- Phalaborwa's Definitive Feasibility Study ("DFS") is expected to be finalised in 2026; upon its completion, finalisation of the permitting process will run in parallel with the project finance process, which is expected to enable construction to commence in 2027.
- The Uberaba project in Brazil represents an exciting opportunity to replicate Phalaborwa at a potentially larger size and Rainbow is working with partner the Mosaic Company ("Mosaic") to rapidly complete an Economic Assessment ("EA") of this phosphogypsum project.
- Longer term, the Company expects that the technology to recover critical REE from phosphogypsum will provide opportunities to develop a scalable and sustainable business. To this end, we are currently evaluating strategic partnerships in Saudi Arabia, Morocco and Canada, along with a number of other prospects globally.
- Responsible production is at the heart of Rainbow's business model and the Company continues to embed environmental, social and governance ("ESG") standards and practices within its corporate and project

environmental, social and governance (ESG) standards and practices within its corporate and project development.

Investor Meet Company Presentation - Wednesday 29 October 2025

Rainbow is pleased to announce that CEO George Bennett will provide a live presentation via Investor Meet Company on 29 October 2025 at 10:00 GMT.

The presentation is open to all existing and potential shareholders. Questions can be submitted pre-event via your Investor Meet Company dashboard or at any time during the live presentation.

Investors can sign up to Investor Meet Company for free and add to meet RAINBOW RARE EARTHS LIMITED via: <https://www.investormeetcompany.com/rainbow-rare-earths-limited/register-investor>

Investors who already follow RAINBOW RARE EARTHS LIMITED on the Investor Meet Company platform will automatically be invited.

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:

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Notes to Editors:

About Rainbow:

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 pioneering the first commercial recovery of rare earth elements from phosphogypsum that occurs as the by-product of phosphoric acid production. These projects eliminate the cost and risk of typical rare earth projects, which involve mining and the production of a rare earth concentrate that must be chemically cracked to form a mixed rare earth carbonate before further downstream processing. As such, Rainbow's projects can be brought into production quicker and at a lower cost than traditional hard rock mining projects.

The Company is focused on the development of the Phalaborwa Project in South Africa and the earlier stage Uberaba Project in Brazil. Rainbow's process will deliver separated rare earth oxides through a single hydrometallurgical plant on site, with a focus on the recovery of neodymium, praseodymium, dysprosium and terbium. These are critical components of the high-performance permanent magnets used in electric vehicles, wind turbines, defence and exciting new markets such as robotics and advanced air mobility.

The Phalaborwa updated interim economic study released in December 2024 has confirmed strong base line economics for the project, which has a base case NPV₁₀ of US 611 million. Given Phalaborwa is a chemical processing operation, with its resource sitting at surface in a chemically cracked form, it has a much lower operating cost than traditional rare earth mining projects, and it is therefore estimated to be one of the highest margin rare earth projects in development today outside of China.

More information is available at www.rainbowrareearths.com or by visiting the Rainbow Rare Earths Curation Showcase at: [Curation Connect - Rainbow Rare Earths Showcase](https://app.curationconnect.com/company/Rainbow-Rare-Earths-90903) or <https://app.curationconnect.com/company/Rainbow-Rare-Earths-90903> or www.curationconnect.com

Chairman's Statement

Dear Shareholder,

FY 2025 has been a pivotal year for Rainbow Rare Earths and the global REE industry generally, with REE having firmly entered the global consciousness as materials critical to both national security and economic resilience.

These elements are indispensable in the electronic and household products we rely on daily, as well as in emerging technologies driving the future, from electric vehicles to defence systems and robotics.

REE are known as 'industrial vitamins', as they enable a huge variety of technological functions. While they may only be used in tiny quantities and therefore only account for a fraction of a product's cost, they are often responsible for 100% of its functionality.

However, the Year highlighted the vulnerabilities in the global REE supply chain, particularly following China's imposition of export controls in April 2025 on certain medium and heavy rare earth elements and the rare earth permanent magnets ("REPM") that contain them. These restrictions caused immediate and significant disruptions,

with some industries such as automotive facing temporary factory shutdowns due to shortages of high-performance REPM. Post Year end, China has proposed tighter controls on REPM and related technologies.

China's dominance across all stages of the REE supply chain has been starkly exposed as a major threat to global industries, galvanising the West to act decisively to establish independent and diversified supply chains.

A landmark development occurred in July 2025, when the U.S. Government entered into an unprecedented public-private partnership with MP Materials, a U.S. producer of REE. This initiative to help build out a domestic REPM supply chain incorporated a neodymium / praseodymium ("NdPr") offtake floor price of US 110/kg, significantly higher than the spot price of ca. US 63/kg at the time.

Since the announcement of this deal, NdPr prices have rallied to ca. US 80/kg, fuelled by improved sentiment and rising demand for REPM. Additionally, a clear price bifurcation has emerged stemming from China's export controls, with ex-China heavy REE prices significantly higher than those in the Chinese domestic market.

As long advocated by Rainbow, the need for an NdPr floor price above current levels to incentivise new sources of supply outside of China appears to have been accepted by Western Governments. The U.S., Australia, and the EU have suggested a willingness to develop strategic stockpiles of key critical minerals such as REE, further supporting this shift.

Rainbow Rare Earths is at the forefront of addressing these challenges, and I am proud to report that our Phalaborwa project in South Africa has garnered significant support, including backing from the DFC via our strategic shareholder TechMet. This recognition underscores Phalaborwa's potential to deliver a near-term, responsible supply of both the light and heavy magnet REE.

Our innovative processing technology, developed in-house, is rewriting the economics of REE production by eliminating the costs and risks associated with traditional mining. While China has sought to further extend its control on the market by banning the export of REE processing technology, Rainbow has established market-leading expertise, positioning us as a pioneer in this space.

Our world-class laboratory in Johannesburg, one of the most sophisticated mineral analysis facilities on the continent, is perfecting the process to extract REE from phosphogypsum and separate them into rare earth oxides ("REO") and we have made excellent progress in recent months; read more in the CEO's Statement to follow.

The ability to recover critical REE from phosphogypsum stacks sitting at surface not only delivers economic advantages over traditional REE mining projects, but also offers unique environmental and social benefits by transforming legacy waste into critical inputs for green and other advanced technologies.

Phalaborwa's position in the lowest cost quartile establishes it as one of the highest margin REE projects in development today and its status as a stand-out project in the space is evidenced by the quality of our stakeholders, including the support from TechMet and the DFC, as well as our royalty agreement with Ecora.

Our goal is to advance the technology for extracting REE from phosphogypsum at our Phalaborwa project, creating a worldwide opportunity for cost-effective and sustainable REE production from comparable secondary sources, such as our collaboration with Mosaic at Uberaba in Brazil.

In so doing, we expect to unlock a low-cost and responsible supply of REE globally, allowing Rainbow to capitalise on the expected rise in REE demand from the green energy, defence and technology industries, fostering a resilient and enduring business model.

As we move forward, Rainbow Rare Earths remains committed to delivering value for our stakeholders while contributing to a more secure and sustainable global REE supply chain. I extend my gratitude to our team, partners, and investors for their continued support as we navigate this transformative period for the industry.

Adonis Pouroulis
Non-Executive Chairman

CEO's Statement

Dear Shareholder,

2025 has been a transformative year for Rainbow Rare Earths, with our pioneering technical advancements positioning the Phalaborwa project as one of the world's lowest-cost producers of REE. This achievement underscores Phalaborwa's critical role in establishing a responsible and independent REE supply chain, addressing the growing global demand for these essential materials.

Our primary technical challenge was to economically recover magnet REE from phosphogypsum, a feat we have successfully accomplished in record time. This breakthrough fundamentally de-risks the project, as previous attempts over the last ca. 40 years by others to extract REE from phosphogypsum did not prove commercially viable.

The project's robust economics were outlined in the Interim Economic Study published in December 2024 (the "Interim Study"). Ongoing trade-off studies are expected to further optimise both capital and operating costs for the primary leaching circuit, which represents ca. 85% of the expected total cost base for the project, with results to be shared once finalised.

Our second major milestone was developing a high-purity, mixed rare earth product suitable for cost-effective separation. Utilising continuous ion exchange ("CIX"), a technology commonly applied in uranium and gold processing but innovative for REE, our team has produced an exceptionally pure MREP, equivalent to a mixed rare earth carbonate ("MREC") averaging over 55% total rare earth oxides ("TREO") across multiple test campaigns. This exceeds the industry's typical refinery specification of 42 to 44% TREO, positioning Phalaborwa's MREP among the highest-grade products globally.

We have further enhanced this MREP by incorporating a cerium ("Ce") depletion step into the Phalaborwa process which has lowered the Ce content by ca. 65%, reducing the metal content for separation which is expected to deliver a positive impact on capital and operating costs for the downstream flowsheet.

This groundbreaking work has been achieved in-house, which allowed the impurity removal optimisation to be carried out rapidly and efficiently by our dedicated technical team using our own state-of-the-art laboratory facilities in

out rapidly and efficiently by our dedicated technical team using our own newly commissioned laboratory facilities in Johannesburg. There we have assembled world-class expertise and equipment, including a cutting-edge ICP-MS (Inductively Coupled Plasma Mass Spectrometer), which enables the immediate reporting of assays of sample grades, ranging from low parts per billion to high purity. Rainbow is the first company in Africa to own and operate such advanced equipment.

At the time of writing, the laboratory is being prepared to run a pilot scale plant to validate the updated primary flowsheet parameters and MREP, as well as incorporating and demonstrating the expected capital and operating cost savings from the ongoing trade-off studies.

An evaluation has commenced to define the optimal route to separation of the MREP, comparing the well-known solvent extraction technology ("SX") with the continuous ion chromatography ("CIC") separation technology envisaged in the Interim Study. This will deliver the final route for production of a 99.5% purity mixed NdPr oxide, suitable for metal and alloy manufacturing to supply further downstream magnet manufacturing, and a high value SEG+ product, containing the medium and heavy REE including our high value dysprosium ("Dy") and terbium ("Tb"). The evaluation will also define if the project can be developed in a staged manner, allowing the MREP to be sold prior to further investment in separation capacity, following a similar path to many other global rare earth development projects. Our decision will be informed by a comprehensive economic assessment, considering financing availability, costs, project timelines, and overall economics.

The proposed pilot plant work and important findings from the trade-off studies will be incorporated into the DFS for Phalaborwa, which we expect to be finalised in 2026, the timing of which will be dependent on the outcome of the various trade-off studies and separation evaluation work underway. Whilst this is later than originally planned, the delay is expected to enable the results of the trade-off studies to benefit Rainbow by delivering a robust, technically proven flowsheet, with lower capital and operating costs. This optimisation work will therefore result in the most economically attractive project, enhancing shareholder value over the long term. It will also ensure that Phalaborwa retains its attractive position right at the lowest end of the global industry cost curve. Upon completion of the DFS, finalisation of the permitting process will run in parallel with the project finance process, which is expected to enable construction to commence in 2027.

The work at Phalaborwa offers a scalable model that can be applied to our Uberaba project in Brazil, where we have partnered with Mosaic to conduct an EA at an unprecedented pace. Uberaba offers the potential for large-scale REE recovery from phosphogypsum with a significantly longer project life, further strengthening our portfolio.

Longer term, the Company expects that the technology to recover critical REE from phosphogypsum will provide opportunities to develop a scalable and sustainable business. To this end, we are currently evaluating strategic partnerships in Saudi Arabia, Morocco and Canada, along with a number of other prospects globally.

Interest in offtake agreements has increased significantly, driven by industry recognition that the combined output from Phalaborwa and Uberaba could position Rainbow as a significant global supplier of responsibly sourced light and heavy REE. The proposed SEG+ product is particularly sought after, addressing the critical bottleneck in heavy REE supply, a key vulnerability in Western supply chains.

As we advance our projects, Rainbow remains committed to maintaining low corporate overheads, ensuring financial resources are appropriately directed toward project definition.

The Gakara project in Burundi has remained on care and maintenance throughout the Year at the request of the Government of Burundi. As noted in last year's Annual Report, the asset has been fully written down, except for cash and recoverable VAT. Costs associated with Gakara have been minimised until a resolution with the Government is found.

I extend my deepest appreciation to our stakeholders for their steadfast support and to our exceptional technical team, whose dedication has propelled Phalaborwa to its current stage. Their expertise in recovering REE from phosphogypsum positions Rainbow to build a sustainable, long-term business as demand for these critical materials accelerates.

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. The Board and management focus on maintaining a tight control of costs, including corporate overheads, ensuring that most of the funds raised will go directly towards building value across our portfolio.

During FY 2025 the Group invested US 2.1 million to progress the Phalaborwa project in South Africa. Costs associated with the laboratory facility set up to develop the Group's IP for the recovery of REE from phosphogypsum totalled US 0.8 million including US 0.5 million for tangible fixed asset additions and US 0.3 million recognised as research costs. A further US 0.2 million of business development costs were incurred relating to progressing the Uberaba opportunity in Brazil and broadening the Group's international pipeline of phosphogypsum opportunities. General and administrative costs, including costs relating to the Gakara asset in Burundi, represented to a cash outflow of US 2.9 million.

In FY 2025 the Group raised US 10 million of finance from Ecora, including US 1.5 million via an equity placing and US 8.5 million proceeds from the sale of a royalty over gross revenue from the future development of the Phalaborwa project.

Profit and loss account

The Group reported a loss of US 3.3 million for FY 2025 (FY 2024: US 4.3 million). The reduced loss was driven by a fair value gain of US 1.2 million arising from the first-time revaluation of the Ecora royalty liability, offsetting the costs associated with that financing transaction, and the non-recurrence of the US 0.7 million impairment costs for the Gakara project in Burundi recognised in FY 2024. The gain arising on the revaluation of the Ecora royalty liability was caused by a fall in forecast rare earth prices at 30 June 2025 compared to the forecasts available on 1 July 2024 when the royalty agreement was entered into. In Q3 2025 rare earth prices rose strongly, mirroring the early forecasts, suggesting that this gain will be reversed in FY 2026.

Costs associated with the Group's rare earth laboratory in Johannesburg, totalling US 0.3 million, were recognised in the income statement as research costs as they are considered to be incurred developing the Group's knowledge for the recovery of REE from phosphogypsum that will be applicable on a global basis, and are not solely related to the Phalaborwa asset.

Within administration expenses, costs totalling US 0.2 million (FY 2024: US 0.1 million) were incurred on the Group's business development opportunities. Costs associated with maintaining the Gakara project on care and maintenance totalled US 0.3 million (FY 2024: US 0.4 million). The Group continues to focus on minimising costs associated with the asset whilst considering all options to try to realise the value associated with the REE mineral opportunity. The Group's other corporate costs totalled US 3.2 million (FY 2024: US 3.0 million), dominated by staff costs of US 2.0 million (FY 2024: US 1.9 million).

Net finance income was US 819k (FY 2024: income of US 22k) driven primarily by the US 1.2 million recognised gain

on revaluation of the Ecora royalty liability, offsetting the US 0.4 million costs associated with that financing.

Balance Sheet

The Group assets are dominated by the cumulative US 17.4 million relating to the Phalaborwa asset which have been capitalised as an intangible asset in accordance with IFRS 6, of which US 1.6 million was incurred in FY 2025. At the balance sheet date, the Group has tangible fixed assets of US 0.5 million relating primarily to the laboratory facilities in Johannesburg.

The Group's liabilities are dominated by the Ecora royalty liability, valued at US 7.3 million at FY 2025. In addition, the Group has a US 0.2 million loan with FinBank in Burundi, denominated in Burundi Francs, which is due to be repaid on a reducing balance basis by April 2027. There are no other significant borrowings or long-term cash settled liabilities. With the exception of indirect taxes and contributions payable under the Gakara mining convention, which are not being settled during the ongoing suspension of the Gakara operations, the Group continues to pay all trading liabilities as they fall due.

For FY 2025, the Group had a recognised environmental liability of US 0.1 million relating to the Gakara asset in Burundi. There are no obligations for environmental closure at the Phalaborwa project site as the Group does not yet have legal ownership of the project site.

Going Concern

At 30 June 2025, the Group had US 3.9 million of cash. The base case forecast includes a total cash outflow for the 18 month period ending 31 December 2026 of US 8.8 million. Management's reasonably plausible downside scenario includes a total cash outflow of US 11.5 million. The forecast confirms that the Group will need to raise additional funds before 31 December 2026 under all scenarios, the timing of which is dependent primarily on the speed at which the Phalaborwa DFS is completed, which is within management's control. In addition, further funds may be required to progress the Uberaba opportunity in Brazil dependent on the outcome of the initial EA and negotiations for a definitive agreement for the project with Mosaic.

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.

Pete Gardner
Chief Financial Officer

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME For the year ended 30 June 2025

	Year ended 30 June 2025	Year ended 30 June 2024
Notes	US '000	US '000
Administration expenses	(3,827)	(3,567)
Research costs	(260)	-
Impairment of Gakara assets	-	(717)
Loss from operating activities	(4,087)	(4,284)
Finance income	168	141
Finance costs	(451)	(119)
Change in fair value of royalty financing liability	1,216	-
Loss before tax	(3,154)	(4,262)
Income tax expense	-	-
Total loss after tax and comprehensive expense for the year	(3,154)	(4,262)
Total loss after tax and comprehensive expense for the year is attributable to:		
Non-controlling interest	(18)	(87)
Owners of parent	(3,136)	(4,175)
	(3,154)	(4,262)
The results of each year are derived from continuing operations		
Loss per share (cents)		
Basic	3	(0.49)
Diluted	3	(0.49)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2025

	Notes	Year ended 30 June 2025 US '000	Year ended 30 June 2024 US '000
Non-current assets			
Exploration and evaluation assets	4	17,363	15,716
Property, plant and equipment		460	21
Right of use assets		251	84
Total non-current assets		18,074	15,821
Current assets			
Inventory		1	1
Trade and other receivables		403	374
Cash and cash equivalents		3,933	79
Total current assets		4,337	454
Total assets		22,411	16,275
Current liabilities			
Trade and other payables		(1,203)	(1,850)
Borrowings		(340)	(245)
Lease liabilities		(89)	(48)
Total current liabilities		(1,632)	(2,143)
Non-current liabilities			
Borrowings		(85)	(192)
Royalty finance liability		(7,284)	-
Lease liabilities		(173)	(44)
Provisions		(55)	(55)
Total non-current liabilities		(7,597)	(291)
Total liabilities		(9,229)	(2,434)
NET ASSETS		13,182	13,841
Equity			
Share capital	5	58,150	56,362
Share-based payment reserve		2,217	1,839
Retained loss		(47,065)	(42,351)
Equity attributable to the parent		13,302	15,850
Non-controlling interest		(120)	(2,009)
TOTAL EQUITY		13,182	13,841

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2025

	Share capital US '000	Share- based Payments US '000	Accumulated losses US '000	Attributable to the parent US '000	Non- controlling interest US '000	Total US '000
Balance at 1 July 2023	50,937	1,719	(38,483)	14,173	(1,922)	12,251
Total comprehensive loss						
Loss and total comprehensive loss for year	-	-	(4,175)	(4,175)	(87)	(4,262)
Transactions with owners						
Shares issued during the year: cash consideration	5,501	-	-	5,501	-	5,501
Share issue costs	(76)	-	-	(76)	-	(76)
Fair value of employee share incentives in year	-	427	-	427	-	427
Share incentives cancelled in the year	-	(106)	106	-	-	-
Share incentives issued in the year, net of costs	-	(201)	201	-	-	-
Balance at 30 June 2024	56,362	1,839	(42,351)	15,850	(2,009)	13,841
Total comprehensive loss						
Loss and total comprehensive loss for year	-	-	(3,136)	(3,136)	(18)	(3,154)
Transactions with owners						
Shares issued during the year: cash consideration	1,500	-	-	1,500	-	1,500

Shares issued during the year: non-cash consideration	341	-	-	341	-	341
Share issue costs	(53)	-	-	(53)	-	(53)
Fair value of employee share incentives in year	-	707	-	707	-	707
Share incentives cancelled in the year	-	(293)	293	-	-	-
Share incentives issued in the year, net of costs	-	(36)	36	-	-	-
Impact of recapitalisation of subsidiary	-	-	(1,907)	(1,907)	1,907	-
Balance at 30 June 2025	58,150	2,217	(47,065)	13,302	(120)	13,182

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 30 June 2025

	For year ended 30 June 2025 US '000	For year ended 30 June 2024 US '000
Cash flow from operating activities		
Loss from operating activities	(4,087)	(4,284)
Adjustments for non-cash transactions:		
Depreciation	139	52
Impairment	-	717
Share-based payment charge	707	427
Operating loss before working capital changes	<u>(3,241)</u>	<u>(3,088)</u>
Net increase in trade and other receivables	(31)	(45)
Net increase in trade and other payables	138	372
Cash used by operations	<u>(3,241)</u>	<u>(2,761)</u>
Realised foreign exchange gains	117	123
Net cash used in operating activities	<u>(3,134)</u>	<u>(2,638)</u>
Cash flow from investing activities		
Purchase of property, plant & equipment	(505)	-
Exploration and evaluation costs	(2,124)	(10,637)
Net cash used in investing activities	<u>(2,629)</u>	<u>(10,637)</u>
Cash flow from financing activities		
Proceeds from royalty financing	8,500	-
Costs of royalty financing	(360)	-
Repayment of borrowings	(42)	(77)
Interest payments on borrowings	(20)	(49)
Interest received	40	5
Payment of leases	(70)	(53)
Proceeds from the issuance of ordinary shares	1,500	5,501
Transaction costs of issuing new equity	(53)	(76)
Net cash generated by financing activities	<u>9,495</u>	<u>5,251</u>
Net increase in cash and cash equivalents	<u>3,849</u>	<u>(8,024)</u>
Cash & cash equivalents at the beginning of the year	79	8,107
Foreign exchange gain / (loss) on cash and cash equivalents	5	(4)
Cash & cash equivalents at the end of the year	<u>3,933</u>	<u>79</u>

NOTES

1. BASIS OF PREPARATION

The Financial Statements of the Company and its subsidiaries (the "Group") are prepared in accordance with International Financial Reporting Standards ("IFRS") (IFRS and IFRIC Interpretations) issued by the International Accounting Standards Board ('IASB'), as adopted by the European Union.

The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments measured at fair value through profit or loss. Given the development status of the Group's

assets, management do not consider sustainability and climate change as key risks requiring significant judgement for the Year. The Group has prepared sustainability disclosures on pages 20 to 31 of its 2025 Annual Report in line with the requirements set out in the UK Listing Rules to the extent relevant for a Group without producing assets.

2. GOING CONCERN

As at 30 June 2025, the Group had total cash of US 3.9 million. The Board have reviewed a range of potential cash flow forecasts for the period to 31 December 2026, including reasonable possible downside scenarios. The base case forecast includes US 8.8 million expected costs for the Group over the 18-month period from 1 July 2025 to 31 December 2026 (the "Period") as follows:

- Corporate costs of US 4.2 million based on the current administrative costs of the Group, including US 0.3 million in respect of pursuing new business opportunities.
- US 2.9 million for the workstreams to complete the Phalaborwa DFS, inclusive of a 10% contingency. This includes all costs associated with Rainbow's technical team, although some work undertaken by the team relates to new business opportunities and is not capitalised against the Phalaborwa project.
- US 0.8 million for the management of the Phalaborwa project site from Q3 2026 and associated permitting and environmental management workstreams.
- Research costs of US 0.8 million associated with Rainbow's in-house laboratory in Johannesburg, including US 0.2 million of salary and consultancy costs for the laboratory team.
- US 0.1 million for ongoing care and maintenance at the Gakara project in Burundi. This excludes amounts payable under the FinBank loan facility due to the suspension of the RMB bank account by the Burundi Government.

The forecast is based on the Phalaborwa DFS being completed in Q1 2026 following one quarter of pilot testing to confirm the proposed processing flow sheet, which reflects the likely timing for a phased development approach commencing with the development of a leaching and recovery circuit for a saleable mixed rare earth product prior to investment in separation capacity. The forecast includes costs for a trade-off study to investigate the economic impact of using proven solvent extraction technology to produce separated NdPr oxide and a mixed SEG+ product at Phalaborwa rather than selling the mixed rare earth product envisaged in the base case or using CIC technology to produce separated rare earth products envisaged in early economic studies. Should Rainbow elect to complete a DFS incorporating a CIC or SX separation circuit, additional piloting test work will be required and the DFS will take longer to complete.

Management's reasonably plausible downside scenario includes a total cash outflow of US 11.5 million, which also includes:

- US 0.4 million representing a 10% contingency for corporate costs excluding business development costs.
- A further US 0.4 million for business development costs.
- US 0.4 million representing a 10% contingency on all costs associated with the Phalaborwa project and the Group's research activities.
- A further US 1.4 million of cost associated with enhanced pilot test work and developing a DFS for Phalaborwa incorporating a SX circuit.
- A further US 0.1 million to service the FinBank loan in Burundi on the assumption that this can be achieved despite the suspension of the RMB bank account.

The Group has determined that no additional cash outflows will be incurred on Gakara until the export ban and mining suspension has been lifted. Any re-start of operations would be conditional on the Gakara project not requiring additional financial support from Rainbow Rare Earths Limited at then current rare earth prices.

As set out in the operations review of the 2025 Annual Report, the opportunity relating to Mosaic's phosphogypsum stack in Uberaba, Brazil is considered to present an opportunity to replicate Phalaborwa at a potentially larger scale. The forecast includes, within administrative costs, Rainbow's US 125k share of the funding to deliver an initial economic assessment for Uberaba. In the event that the economic assessment is successful Rainbow intend to negotiate a definitive agreement with Mosaic to enable the development of Uberaba to be further advanced to PFS and DFS level studies. The signing of a definitive agreement will trigger the payment of a finder's fee comprising four annual payments of US 75k each. A budget for the PFS and DFS work can only be defined once the initial economic assessment is complete. Management's reasonably plausible downside scenario does not include a budget for the finder's fee, PFS or BFS to be completed. Further funding may be required to allow the Uberaba opportunity to be de-risked, the timing of which cannot be accurately predicted at this time.

At 30 June 2025 the Group had US 3.9 million of cash. The base case forecast includes a total cash outflow over the Period of US 8.8 million. Management's reasonably plausible downside scenario includes a total cash outflow of US 11.5 million. The forecast indicates that the Group will need to raise additional funds before 31 December 2026 under all scenarios, with funding expected to be required in Q1 2026, the timing of which is dependent primarily on the speed at which the Phalaborwa DFS is completed, which is within management's control. In addition, further funds may be required to progress the Uberaba opportunity in Brazil dependent on the outcome of the initial economic assessment and negotiations for a definitive agreement for the project with Mosaic.

The Group is reliant on securing additional funding which is not guaranteed. Accordingly, the Board acknowledges that the need for additional funding indicates the existence of a material uncertainty which may cast significant doubt on the ability of the Group to continue as a going concern and, therefore, 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. The Board is confident that this funding will be secured, based on its history of successful fundraising. On this basis, the Directors' have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

critical basis of accounting in the preparation of the financial statements is appropriate.

3. LOSS PER SHARE

The earnings per share calculations for 30 June 2025 reflect the changes to the number of ordinary shares during the Year.

At the start of the Year, 630,316,656 shares were in issue. During the Year, a total of 13,371,494 new shares were allotted and on 30 June 2024, 643,688,150 were in issue. The weighted average of shares in issue in the Year was 643,034,257.

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	
	2025	2024
Loss for the year (US '000) attributable to ordinary equity holders	(3,136)	(4,175)
Weighted average number of ordinary shares in issue during the Year	643,034,257	621,094,938
Loss per share (cents)	(0.49)	(0.67)

4. EXPLORATION AND EVALUATION ASSETS

	Phalaborwa US '000
At 1 July 2023	4,830
Additions	10,886
At 30 June 2024	15,716
Additions	1,647
At 30 June 2025	17,363

Costs capitalised relate to the Phalaborwa Project in South Africa.

5. SHARE CAPITAL

	Year Ended 30 June 2025 US '000	Year Ended 30 June 2024 US '000
Share Capital	58,150	56,362
Issued Share Capital	58,150	56,362

The table below shows a reconciliation of share capital movements:

	Number of shares	US '000
At 30 June 2023	598,858,656	50,937
October 2023 - Share placing (cash receipts)	25,786,541	4,699
December 2023 - Share placing (cash receipts)	4,213,459	802
December 2023 - Exercise of share options (nil value)	1,458,000	-
Costs associated with share issues	-	(76)
At 30 June 2024	630,316,656	56,362
July 2024 - Share placing (cash receipts)	10,442,427	1,500
September 2024 - share settled management bonus	2,929,067	341
Costs associated with share issues	-	(53)
At 30 June 2025	643,688,150	58,150

During the Year:

- On 1 July 2024, 10,442,427 shares were issued at a price of 11.3652 pence per share, raising US 1.5 million (before costs of US 32k).
- On 6 September 2024, the following shares were issued to settle the management bonus for the year ended 30 June 2023:
 - 1,697,852 shares were issued to George Bennet at a price of 10 pence per share.
 - 897,883 shares were issued to Pete Gardner at a price of 10 pence per share.
Costs relating to this share issue were US 21k.

During the prior year:

- On 5 October 2023, 25,786,541 shares were issued at a price of 15 pence per share, raising US 4.7 million (before costs of US 57k).
- The issue of additional shares without pre-emption rights was authorised by the shareholders at the annual general meeting in November 2024. Subsequently, a further 5,671,459 shares were issued on 5 December 2023 of which:
 - 4,213,459 shares were issued for cash proceeds of US 802k at a price of 15p per share.
 - 1,458,000 shares were issued for no value, representing the exercise of nil value share options.
Costs relating to these issued shares, were US 19k.

6. POST BALANCE SHEET EVENTS

There were no post balance sheet events.

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