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Rainbow Rare Earths Limited
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Rainbow Rare Earths Limited
("**Rainbow**" or "**the Company**")
LSE: RBW

Surge in Yttrium Pricing Materially Enhances Phalaborwa Economics

- **European yttrium prices surged +3,000% due to market shortages further to the April 2025 Chinese export controls**
- **Inclusion of yttrium in Phalaborwa's SEG+ mixed rare earth product could add +US 30 million to the project's annual estimated EBITDA**
- **Yttrium is used in the aerospace, energy and semi-conductor industries and is critical to certain defence applications**

NEWS ANNOUNCEMENT

Rainbow Rare Earths notes the recent reports on the surge in pricing and importance of yttrium, a rare earth element that will be included in the Phalaborwa project's SEG+ product, which is a mix of all the economically important medium and heavy rare earths. As recently announced, yttrium is now included in the Phalaborwa resource and the project is expected to produce ca. 213t yttrium oxide per annum as part of the high-purity, mixed SEG+ product.

According to data from Argus Media Ltd, the price of yttrium oxide 99.999% Cost, Insurance, Freight ("CIF") Europe started the year at ca. US 6/kg but it has risen to current levels of between US 220/kg to US 320/kg (the large spread is due to differing pricing contracts). This surge in pricing is due to the issues around export of the metal from China further to the imposition of export controls in April which have led to major supply chain disruption and shortages in the market.

These shortfalls have highlighted how extensively used yttrium is across civilian high-tech and defence applications.

The pricing increase causes a material positive impact on Phalaborwa economics, with the potential addition of +US 30 million to the project's EBITDA at today's lower range of the European price, based on a conservative SEG+ payability of 70%.

George Bennett, CEO, commented: "*The disruption and huge price increase for yttrium has once again highlighted the fragility of global dependence on China for strategic minerals, especially those like yttrium that are essential to high-tech and defence manufacturing. Phalaborwa is a stand-out project in the rare earth space because it is a near-term and low-capital intensity source of all the economically and strategically important rare earths, including the heavies such as yttrium. This price increase positively impacts annual estimated EBITDA for Phalaborwa as there will be no extra cost to produce it as part of our proposed SEG+ product.*"

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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 NPV_{10} 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 the highest margin rare earth project 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 or https://app.curationconnect.com/company/Rainbow-Rare-Earths-90903
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