RAINBOW RARE EARTHS LIMITED
ANNUAL REPORT 2025

A STRATEGIC SOURCE OF RARE EARTHS FOR A GROWING MARKET

RAINBOW
RARE EARTHS

A STRATEGIC SOURCE OF CRITICAL RARE EARTH ELEMENTS

Rainbow Rare Earths ("Rainbow" or the "Company" or the "Group") aims to be a forerunner in the establishment of an independent and ethical supply chain of the rare earth elements ("REE") that are driving the green energy transition and many other advanced technologies.

It is doing this successfully by pioneering the recovery of magnet REE from phosphogypsum, a waste by-product from phosphoric acid production, which means that many of the costs, risks and long timescales associated with traditional hard rock mining projects are eliminated.

Rainbow is listed on the main market of the London Stock Exchange under the ticker RBW.

CONTENTS

Front cover image:
The primary pilot plant in Johannesburg produced a mixed rare earth feed stream for further processing into separated rare earth oxides

INTRODUCTION TO RAINBOW RARE EARTHS AND RARE EARTH ELEMENTS

UNLOCKING A LOW-COST AND RESPONSIBLE SOURCE OF RARE EARTHS FROM PHOSPHOGYPSUM

Rainbow is developing an innovative process to recover rare earth elements from phosphogypsum that is the by-product of phosphoric acid production. Rainbow's proposed flowsheet utilises existing processing technologies, which have been applied in multiple commercial applications over the decades, in a novel combination.

Rainbow is focused on the recovery of the critical REE used to make permanent magnets, namely neodymium ("Nd"), praseodymium ("Pr"), dysprosium ("Dy") and terbium ("Tb"), but it also expects to produce other valuable REE, including samarium, europium and gadolinium (the "SEG" group).

The project is notable as a strategic and responsible source of both the light and heavy magnet REE and has therefore received strong 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.

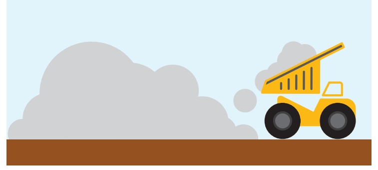
Phosphate is mined to produce phosphoric acid

A hard-rock phosphate deposit is mined and concentrated to produce a phosphate slurry feed

This is fed to a phosphoric acid plant which applies sulphuric acid and heat to produce phosphoric acid for fertiliser

Hardrock carbonatite phosphate sources contain rare earths which are concentrated and fed to the phosphoric acid plant

Phosphogypsum is the by-product

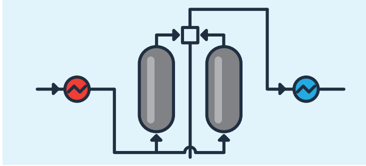


The waste product of phosphoric acid production is phosphogypsum

The rare earths concentrated in the phosphoric acid plant are left behind in the gypsum waste residue

The gypsum waste residue is a cracked chemical stockpile of rare earths which are amenable to direct leaching

Rainbow is developing technology to recover the REE



Rainbow is developing an innovative flowsheet to recover REE critical to the green energy transition and other advanced technologies from the gypsum residue

The process is expected to have a low capital and operating cost intensity due to the chemically cracked nature of the gypsum feed stock

Rare earth elements are fundamental to life in the 21st century. Rare earths' unique electrical and magnetic properties have made them essential to many of the products we rely on daily, from household goods to consumer electronics.

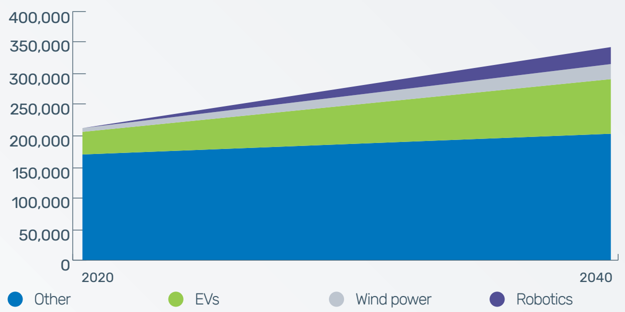
However, they are also indispensable for green energy technologies, military equipment and other advanced technologies, as well as exciting new markets such as robotics and advanced air mobility, which are primed for exponential growth.

Often called the "vitamins" of modern industry, REE may only make up a tiny fraction of an end-product by mass and cost, yet they may be essential for that product to function. This outsized importance-to-cost ratio underscores why REE sustain such strategic focus.

China currently controls ca. 70% of global rare earth mining and ca. 90% of the downstream processing and manufacturing. This heavy reliance on a single country exposes significant supply chain vulnerabilities and there is now a concerted effort from Western nations to build independent and more resilient supply chains for REE and other critical minerals.

Global demand for REE is forecast to grow by 60% from 2024 to 2040, driven by fast growing demand for rare earth permanent magnets, and Argus forecasts an emerging market deficit as supply is not expected to be able to keep pace with demand; read more in Our Market on page 13.

Global RRE Demand by Usage (t REO)



EV sales growth at a CAGR of ca. 6.0% requires 51.1kt of additional REE by 2040.

Wind power demand growth at a CAGR of ca. 9.1% requires 17.2kt of additional REE by 2040.

Robotics demand growth at a CAGR of ca. 24.3% requires 25.1kt of additional REE by 2040.

Source: Argus Media Ltd ("Argus Media")

A SUSTAINABLE, LOW-COST SOLUTION TO MEET GROWING DEMAND FOR REE

LCM - UK

- World-leader in the manufacture of alloys for permanent magnets
- Agreement to purchase separated rare earth oxides from Rainbow

Uberaba – Brazil

- Exciting opportunity to replicate Phalaborwa at a larger scale
- MoU with Mosaic on Uberaba phosphogypsum stacks at their phosphoric acid production site in Minas Gerais
- Rainbow and Mosaic have commenced work on an Economic Assessment ("EA")
- Average grade of 0.52% TREO is some 32% higher than Phalaborwa
- Initial project life of 15 years expected to be highly conservative based on long-life of ongoing phosphoric acid operations and the underlying phosphate resource

CRITICAL MINERALS

REE are critical to both economic resilience and national security, and the West must act to secure independent and responsible supply to counteract China's dominance of the global industry.

Read more on pages 10 to 13

FOCUS ON SECONDARY SOURCES

Rainbow is paving the way for the first commercial production of REE from phosphogypsum, thereby extracting value from a "waste" product.

Read more on page 19

EXPERIENCED TEAM

Rainbow's team has an excellent track record of delivering multiple processing plants, feasibility studies and mine developments, including extensive experience in rare earths.

Read more on pages 36 to 38

Phalaborwa – South Africa

- Opportunity to extract rare earth elements from 35Mt of gypsum at 0.44% TREO
- Definitive Feasibility Study ("DFS") expected in 2026
- Annual production of ca. 1,900t of magnet rare earth oxides
- Project life of ca. 16 years
- Opportunity to fully rehabilitate a site with legacy environmental issues

Rainbow laboratory – South Africa

- Rainbow's state-of-the-art lab facilities are delivering fast, low-cost test work across the full Phalaborwa flowsheet
- Major advancements in 2025 including production of a high grade mixed rare earth product and successful incorporation of a cerium depletion step
- Progress demonstrates the unique Intellectual Property ("IP") and understanding developed by Rainbow of the recovery of REE from phosphogypsum
- Currently establishing the optimal path to final separation into rare earth oxides

INNOVATIVE TECHNOLOGY

Proprietary processing technology offers an efficient way to recover REE; opportunity to open up a wider addressable market for phosphogypsum globally.

Read more on pages 14 to 17

MULTI-ASSET REE PORTFOLIO

Rainbow has two opportunities to recover REE from phosphogypsum on different continents and has been approached for similar global partnerships.

Read more on pages 14 to 19

RESPONSIBLE SUPPLY

Rainbow aims to be a forerunner in the establishment of an independent and ethical supply chain of REE and a focus on responsible production is central to our business model.

Read more on pages 20 to 25

DEVELOPING A RESPONSIBLE RARE EARTHS SUPPLY CHAIN

STRATEGIC REPORT

The exponential growth of the robotics market is expected to drive strong demand for rare earth permanent magnets in the years to come.

CHAIRMAN'S STATEMENT

OUR PHALABORWA PROJECT HAS BEEN CHOSEN BY THE U.S. GOVERNMENT AS AN IMPORTANT CONTRIBUTOR TO REE SUPPLY CHAIN INDEPENDENCE

Dear Shareholder,
The year to 30 June 2025 ("FY 2025" or the "Year") has been a pivotal year for Rainbow Rare Earths and the global rare earth elements 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 ("MREE") and heavy rare earth elements ("HREE") 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 HREE 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 we have made excellent progress in recent months; read more on pages 16 to 17.

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 Resources plc ("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

24 October 2025

OUR TECHNOLOGY CAN UNLOCK A GLOBAL OPPORTUNITY FOR A LOW-COST AND RESPONSIBLE SUPPLY OF RARE EARTH ELEMENTS FROM PHOSPHOGYPSUM

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 ("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 mixed rare earth product ("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 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

24 October 2025

ABOUT RARE EARTH ELEMENTS

REE are a group of 17 elements categorised as light or heavy according to their atomic mass.

These elements are integral to modern life due to their unique electrical and magnetic properties that allow for miniaturisation and much lighter, stronger, resilient, and efficient components.

The four REE that represent the majority of the value in the REE market are Nd, Pr, Dy and Tb (the "Magnet REE") due to their function in REPM. REPM are inputs in many of the goods that underpin society, including consumer electronics, the traditional automotive industry, white goods, elevators and heating, ventilation and air conditioning (HVAC).

REPM are also critical to more advanced manufacturing sectors, including EVs, wind turbines, modern defence, robotics and many other new technologies. These applications anchor durable, growing demand for rare earths, underpinned by decarbonisation and automation trends.

REE are strategically important as their unique qualities allow for vital functionality, with high barriers to substitution. Often called the "vitamins" of modern industry, REE may only make up a tiny fraction of an end-product by mass and cost, yet they are essential for that product to function. This outsized importance-to-cost ratio underscores why REE sustain such strategic focus.

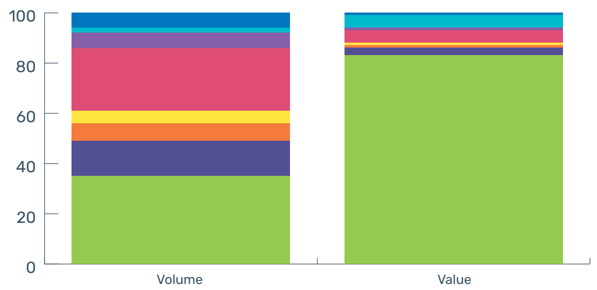
Market Size

In 2024 the REE demand totalled 211kt with a total value of ca. US$5.5 billion, but current and new demand drivers are forecast to drive rapid growth in the coming decades, with the market expected to rise in value to ca. 339kt worth ca. US$36.6 billion by 2040.

The majority of volume (both supply and demand) is accounted for by light rare earths Lanthanum ("La") and Cerium ("Ce"), which are used in industries such as glass, catalysts and ceramics. Due to the relative abundance of La and Ce in naturally occurring rare earth ore bodies these elements are over-supplied and have a low value (ca. US$1/kg).

REPM are by far the most economically important use of REE, so while they accounted for just 35% of the market by volume in 2025, they accounted for 83% by value. Due to the increasing uses of magnet applications for technologies worldwide, their share of the market is forecast to grow to almost half of the volume and over 90% of the value by 2040.

Uses of REE by volume and value, 2025 (%)



Source: Argus Media

Relevance to Rainbow: The Phalaborwa project is well placed to capitalise on the growing demand for REPM, as its rare earth basket contains all four of the most important Magnet REE in economic quantities.

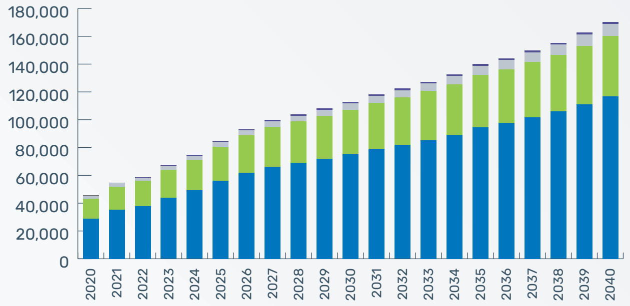
Demand drivers

REE demand is estimated to have increased by 17% from 2020 to 2024 to a total of 211kt, driven by an 84% increase in demand for REPM utilising 65kt of REE. This high growth in REPM has driven a corresponding growth in demand for Magnet REE, from 45kt in 2020 to a total, including REPM, of 75kt in 2024.

REPM are widely used across a number of sectors: consumer electronics including smart phones, speakers, microphones and computers; white goods such as refrigerators and vacuum cleaners; construction including elevators and HVAC; medical devices; defence; aerospace; motor vehicles including both electric and conventional vehicles; robotics; advanced air mobility such as drones; and wind power generation.

Traditionally, REPM demand has related to sectors such as consumer electronics, HVAC and medical uses. The market is expected to be increasingly dominated by high growth areas related to the move to net zero, such as electric vehicles and wind turbines, and emerging technologies such as robotics and advanced air mobility.

Magnet REE Demand, 2020 to 2040 (t REO)



Source: Argus Media

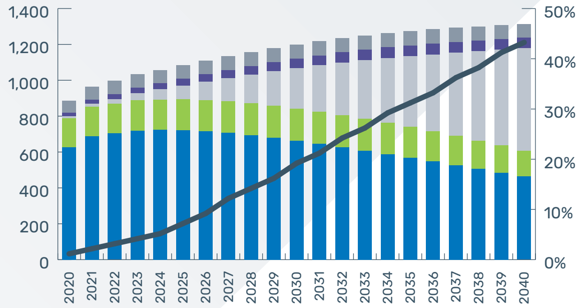
Electric Vehicles (EVs)

The global adoption of EVs is an unstoppable megatrend driven by legislation, which is expected to remain a strong demand driver for Magnet REE. Global sales across battery EV ("BEV") and plug-in hybrid EV ("PHEV") have grown from ca. 3 million units in 2020 to over 19 million units in 2024, putting EVs' share of the global car market above 20% for the first time.

While sales volumes may be impacted by economic and policy uncertainties, EV sales are forecast to increase 23% to surpass 24 million units in 2025. Looking ahead, sales are forecast to reach ca. 50 million units by 2040, at which point EV penetration of the global vehicle fleet will have increased from 1% in 2020 to 43%.

The average hybrid or EV requires 2kg to 5kg of REPM, two to four times the quantities in a typical internal combustion engine vehicle. Global growth in sales of PHEV are currently higher than that for BEV, driven by trends in China with consumers focusing on both price and range issues. Whilst a PHEV has a smaller battery than a BEV, the impact on REPM usage is much smaller, with the average motor in a PHEV similar to a BEV. Whilst analysts continue to forecast BEV sales to outgrow PHEV sales in the long term, PHEV growth will still lead to a high growth in REPM demand.

Global passenger fleet forecast 2020-40 (Mn units)



Source: Argus Media

CASE STUDY:
ADVANCED AIR MOBILITY, EXPECTED TO BE A GROWTH DRIVER FOR REPM DEMAND

First air taxi flight between two airports using eVTOL

On 15 August 2025, Joby Aviation, Inc. ("Joby"), a company developing all-electric air taxis for commercial passenger service, made history with the first piloted eVTOL air taxi flight between Marina (OAR) and Monterey (MRY) airports in California, USA. Joby's flight time from OAR to MRY was approximately 12 minutes over 10 nautical miles, including 5 minutes in a hold pattern at MRY for air traffic spacing.

The piloted flight included vertical takeoff, transition to wingborne flight, integration into the controlled airspace around MRY, and vertical landing. The milestone marks the first time a piloted electric vertical takeoff and landing (eVTOL) air taxi has flown from one public airport to another.

In particular, the flight test demonstrated the ability to integrate eVTOL into Federal Aviation Administration ("FAA") controlled airspace, with the aircraft successfully sequenced with other aircraft at MRY, including the holding pattern to accommodate another arriving airliner.

Joby's aircraft systems, pilot certification and training were able to adhere to the same air traffic control protocols as a major airline. This is also an important step in the Company's certification efforts, as the FAA requires aircraft to demonstrate they can operate in shared airspace by flying between multiple airports.

A video of the flight demonstration can be watched on YouTube on Joby Aviation's channel.

Emerging eVTOL technology requires higher power output per kg for motors which is expected to correspond to higher Magnet REE intensity than electric vehicles.

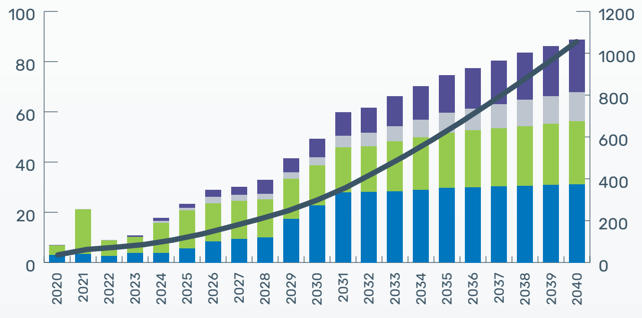
Wind Turbines

The increasing use of REPM direct drive generators in wind turbines, which provide significant efficiency benefits over traditional gearbox-based designs, is expected to be another key demand driver for Magnet REE, as wind generation is one of the fastest growing forms of energy.

The IEA forecasts that wind power will grow from ca. 8% of global generation capacity in 2023 to ca. 14% by 2030, with wind expected to become the second largest source of global renewable electricity generation behind solar, surpassing generation from hydropower.

Global off-shore wind power installed capacity has grown 161% from 36GW in 2020 to 95GW in 2024, with a further 955GW of capacity forecast to be installed by 2040. With a 3MW direct-drive wind turbine requiring 1 to 2t of REPM this is expected to be a further demand driver for Magnet REE.

Global offshore wind capacity additions 2020-40 (GW)



Source: Argus Media

Robotics

The world could be seen to be on the cusp of a robotics revolution, fuelled by years of innovation, cost reductions and expanding applications that promise to redefine industries and societies.

Industrial robots are already a growing feature driving automation in factories across the world. However, it is the market for humanoid robots, designed to mimic human appearance and capabilities, that is poised to lead a transformative shift towards a world where robots are integral to daily life and work.

The energy efficiency, torque, power density and smooth torque curve of REPM are important factors for robotics, driving a low substitution risk. The robotics market was valued by IMARC Group at ca. US$53 billion in 2024 with a forecast CAGR of over 16% delivering a market of ca. US$178 billion by 2033. This is expected to drive demand growth for up to 150kt of REPM/annum by 2040.

Given the exponential growth potential of this market, it is likely that REPM demand for robotics could surpass that for EVs over the long term.

Advanced Air Mobility

Advanced air mobility includes recreational and commercial drones, with technical advances allowing for increasing payloads and corresponding applications. In addition to the growing consumer drone market, commercial drones are already being used across many different industries, such as logistics, agriculture, construction, energy, urban management and tourism. Meanwhile, the ongoing conflicts in both Ukraine and the Middle East have highlighted the increasingly prolific use of drones for military purposes.

The eVTOL (electric Vertical Take-Off and Landing) market is also a rapidly growing sector and will allow for low-cost commercial flights, such as airport transfers, to launch in the coming years. This market is projected to expand significantly in value by the end of the decade and beyond, driven by advances in battery technology and the demand for sustainable, efficient urban air mobility.

China is leading the way - within two to three years, its major cities will complete air transportation networks and supporting ground service facilities for low-altitude vehicles and eVTOLs are expected to be commercialised in large quantities. This could lead to as many as 100,000 eVTOLs in country for personal or commercial use by 2030.

Emerging eVTOL technology requires higher power output per kg for motors, which is expected to correspond to higher Magnet REE intensity than passenger EV, which could create new demand for Magnet REE.

Relevance to Rainbow: The Phalaborwa project will produce all four Magnet REE, including the heavies Dy and Tb. These elements are critical to the permanent magnets used in EVs, wind turbines, defence, robotics and eVTOL, as they improve efficiency and can maintain performance under high temperatures. Phalaborwa's annual output is estimated to be able to support the production of ca. 6,000tpa of REPM.

Supply Outlook

Rare earth production is dominated by China, which has a ca.70% market share for primary production and over 90% of the global processing capacity. In China, the market is dominated by two state-owned entities: China Northern and China Rare Earth Group (in the South), with consolidation since 2021 allied with stricter permitting allowing the Government to control supply through quota allocations.

Total rare earth supply increased by 16% between 2020 and 2024 from 198kt rare earth oxides ("REO") to 229kt REO, with output expected to rise to 240Kt in 2025[1].

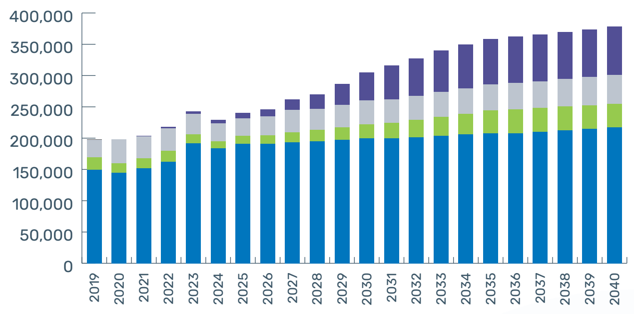
Chinese supply growth over this period was managed via increased quotas for both primary production and refining. It is not reported how sustainable these increases are in the context of Chinese reserves of rare earth ores. China has not shared its production quota for 2025 but it is reported that this will now include imported ores from key supplies such as Myanmar and Laos for the first time. Analysts note that this silence allows China to fine-tune restrictions based on trade tensions, industrial priorities, or diplomatic needs.

Production outside China is dominated by MP Materials in the U.S. and Lynas Rare Earths in Australia. While there are a number of new REE projects outside of China in development today, there are multiple challenges in bringing new supply to market due to the nature of REE mineral deposits, which often involve complex mineralogy with associated radioactive elements. The recent low rare earth pricing environment has been a major impediment to new production coming on stream. Despite government intervention to support new sources outside China, analysts are predicting that supply growth will be restricted by a combination of financing, permitting and technical risks.

Argus is predicting supply growth for REE of c. 3% per annum to 2040, with new projects ex-China forecast to provide ca. 81% of this growth.

1 Note that these figures are adjusted downwards compared to the market report in last year's Annual Report due to amended supply modelling by Argus, which takes into account Chinese stockpiling of cerium and lanthanum and the production of Ce/La depleted products.

Rare earth supply by source, 2019 to 2040 (t REO)



Source: Argus Media

Relevance to Rainbow: The Phalaborwa project will recover REE from phosphogypsum stacks that sit at surface, thereby eliminating many of the costs and risks associated with traditional hard rock mining projects.

Rare earth market and pricing in 2025

For nearly two years rare earth prices have been weak, with NdPr struggling to break out above US$60/kg despite this level assessed to be below breakeven price for the industry including China. Pricing strengthened significantly in 2025, catalysed by China's introduction of export controls in April 2025 on certain MREE and HREE, as well as the 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 REPM.

While destabilising to the Western industries that use REPM, the export controls had the positive effect of galvanising the West to put into action calls to establish an independent supply chain for REE.

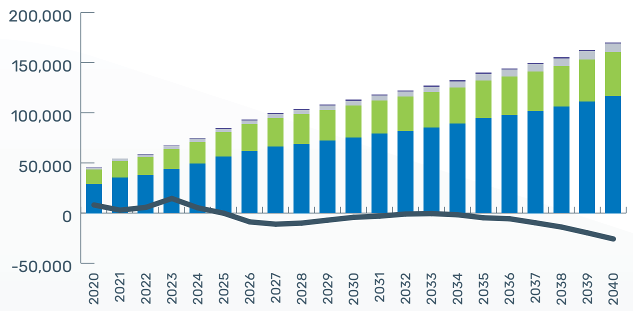
A landmark development occurred in July 2025, when the U.S. Government entered into an unprecedented public-private partnership with MP Materials, a U.S. producer of REE. This initiative to help build out a domestic REPM supply chain incorporated an NdPr offtake floor price of US$110/kg, significantly above 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 HREE prices significantly higher than those in the Chinese domestic market. Prices in Europe are expected to remain significantly higher as long as Chinese export controls remain in place.

Long-term outlook

While REE supply is forecast to continue to grow, it is not expected to be able to keep pace with the fast-growing demand for REPM. The latest Argus forecasts foresee a supply deficit for Magnet REE emerging in 2026 and growing to 23kt by 2040. These forecasts are predicated on supply from new non-Chinese projects growing to 20% of total supply by 2040. Delays to new supply additions could accelerate the predicted supply deficits, as could increasing demand for REPM from emerging technologies.

REO supply vs demand outlook, 2020 to 2040 (t REO)

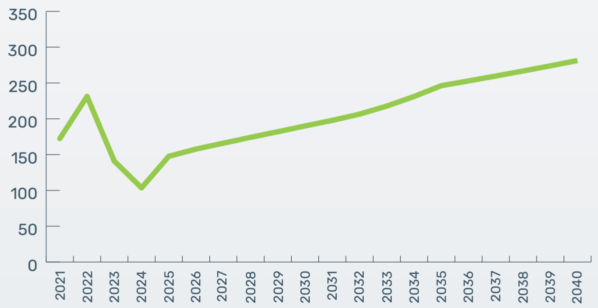


Source: Argus Media

Relevance to Rainbow: The Phalaborwa project will produce ca. 1,900t of magnet rare earths per annum, which is equivalent to ca. 2% of demand in 2025.

At spot Year-end prices, the Phalaborwa Resource has an in-situ value of US$116.28 per tonne of gypsum, which has increased to US$150.40 per tonne at 26 September 2025. This is forecast to grow to US$165.92 in 2027 when the project is anticipated to commence production and US$381.31 by 2040 once long-term supply deficits start to emerge.

Phalaborwa in-situ TREO value US$/t gypsum



Based on rare earth price forecast data supplied by Argus Media.

While there could be continued pricing volatility in the short term, industry commentators agree that the longer-term outlook for REE pricing is supportive given the unstoppable global megatrends of decarbonisation and automation and the drive from western governments to develop an independent and diversified supply chain.

Relevance to Rainbow: The Phalaborwa Project is expected to have one of the lowest REE operating costs globally, with many of the costs associated with hard rock REE projects eliminated due to the nature of the gypsum resource.

PHALABORWA

SOUTH AFRICA

ONE OF THE HIGHEST MARGIN RARE EARTH PROJECTS IN DEVELOPMENT TODAY

Overview

The Phalaborwa project in South Africa represents an exciting, near-term production opportunity of all four of the magnet rare earths required for the green energy transition and other advanced technologies.

The operation will involve the processing of phosphogypsum stacks, the by-product of historic phosphoric acid production on the site which ceased in 2014. The 35Mt Resource grading 0.44% TREO sits at surface, thereby eliminating many of the costs and risks associated with traditional mining projects. The full Mineral Resource Estimate can be accessed at www.rainbowrareearths.com/project/phalaborwa/.

Rainbow is developing a unique flowsheet which will allow for the rare earths to be leached from the gypsum and upgraded to a high grade MREP, in the form of a MREC or other readily soluble product, before further processing to deliver separated NdPr REO and a SEG+ product that will include the crucial heavy REE Dy and Tb.

Annual production is expected to be ca. 1,820tpa of NdPr separated REO and ca. 80tpa of Dy and Tb within the SEG+ product over a project life of ca. 16 years. This output is estimated to be able to support the production of ca. 6,000tpa of REPM.

Apart from delivering products that are vital to global efforts of decarbonisation, Phalaborwa has strong environmental credentials in terms of reducing legacy risks from the previous operations on site. Environmental, social and governance ("ESG") parameters are an integral part of the Phalaborwa development and operating plan.

Whilst the recovery of a high-grade MREP has been largely de-risked, trade-off studies aiming to reduce both capital and operating costs for the development are ongoing.

An evaluation has commenced to define the optimal route to separation of the MREP, which will consider two options: separation using CIC technology as envisaged in the original Preliminary Economic Assessment ("PEA""); or separation using traditional SX technology. The evaluation will also consider the opportunity to develop Phalaborwa in a staged approach, selling the MREP ahead of investing in separation capacity at a later date. These ongoing workstreams will impact the economic outcomes defined in the Interim Study set out below. The DFS is expected to be finalised in 2026, with the precise timing dependent on the outcome of the trade-off studies and separation evaluation work underway.

Rainbow currently owns 85% of the project, with an option to acquire the remaining 15% from Bosveld Phosphates (Pty) Limited ("Bosveld") via the issue of 38,873,663 new ordinary shares in the Company, exercisable up to 30 June 2026. The final exercise date for the option was extended from 31 December 2025 during the Year by mutual agreement with Bosveld.

Background to Phalaborwa Phosphogypsum

The original source rock for the phosphoric acid operations was a hardrock carbonatite, which was mined and processed to produce a concentrated phosphate slurry feed. The phosphate slurry was further processed on a separate site to produce phosphoric acid with a phosphogypsum waste residue.

While the hardrock carbonatite did not contain rare earths with a sufficient grade to be mined for these elements alone, the processes it underwent served to concentrate the quantity of rare earths contained therein, resulting in higher concentrations of rare earths in the phosphogypsum waste residue than were in the original hard rock.

This phosphoric acid production process also subjected the material to sulphuric acid and heat, which led to the majority of the rare earths in the phosphogypsum material at Phalaborwa being in "cracked" chemical form. These "cracked" rare earths are amenable to direct acid leaching, which is expected to allow Rainbow to produce a high grade MREP product from a single hydrometallurgical process plant.

With no need for hard rock mining, crushing and milling, the phosphogypsum will be reclaimed from the stacks and pumped into the processing facility which, together with the elimination of a dedicated cracking plant for the REE, is expected to reduce capital and operating cost intensity compared to traditional hard rock mining REE projects.

Robust economics

Rainbow published the Interim Study in December 2024, following on from the original PEA in October 2022, updating the economics for changes to the primary flowsheet resulting from pilot test work and updating to current market pricing for all key areas of capital and operating costs.

The Interim Study validated the robust economics of the project, delivering a post-tax NPV_{10} of US$610.9 million, a post-tax IRR of 38% and a payback period of around two years. Importantly, it confirmed that Phalaborwa has not been negatively impacted by the recent inflationary environment, with the updated capital cost estimate of US$326.1 million being effectively lower than the expected capital cost after adjusting the PEA estimate of US$295.5 million for ca. 12% inflation.

Annual EBITDA $192m

75%

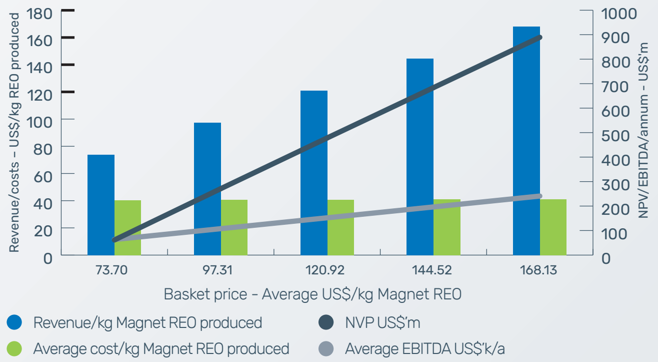
Operating Margin indicated in the Interim Study

PHALABORWA
CONTINUED

Robust economics continued
The project was confirmed as a low-cost producer, with an average production cost of US$40.83/kg magnet REO, which equates to an operating cost of US$12.91/kg TREO, including lower value non-magnet REE for which revenue is currently excluded from the economic assessment.

Due to its low operating cost profile, Phalaborwa is notably resilient to the rare earth price cycle, which has been volatile. The chart below shows the project's robust EBITDA operating margins in various pricing scenarios, with the project still producing ca. US$63 million steady state EBITDA per annum at the lowest basket price shown (based on separated oxide prices of US$60/kg Nd/Pr, US$250/kg Dy and US$800/kg Tb). This compares to the basket price used in both Rainbow's PEA and Interim Study of US$110/kg NdPr which delivers ca. US$181 million steady state EBITDA per annum, with NdPr prices in line with the floor price agreed in the recent US Government and MP Materials deal and price forecasts from ca. 2032 as published by Argus Media at the time of the Interim Study.

Phalaborwa Interim Study - sensitivity to REE pricing



The range of rare earth prices used in calculating the basket prices for the analysis are:
- US$73.70/kg basket price based on US$60/kg NdPr, US$250/kg Dy, US$800/kg Tb
- US$168.13/kg basket price based on US$140/kg NdPr, US$550/kg Dy, US$1,600/kg Tb

Phalaborwa's positive impacts
As well as delivering products that are essential to the green energy transition,the Phalaborwa project is notable for having a number of positive impacts for both its surrounding environment and local communities.

Most importantly, the project will serve to clean up a legacy environmental issue of acid water associated with the historic unlined gypsum stacks. Rainbow will neutralise this acid water for use in the closed-circuit process plant, which is also expected to minimise the need to draw on an external water source for the processing plant. The clean-up of acid water is expected to improve groundwater quality which is impacted by the stack water emanating from the base of the unlined stacks.

Rainbow's process flowsheet will produce a cleaner "benign" gypsum with fewer impurities which will be deposited on new stacks which are lined according to International Finance Corporation standards and Equator Principles. Rainbow has entered into a Letter of Intent for an offtake agreement with NEXUS Intertrade (Pty) Ltd ("NEXUS"), under which NEXUS will acquire the benign gypsum and sell it on to both the domestic and neighbouring agricultural and industrial sectors. This agreement is expected to see the stacks at Phalaborwa eventually fully depleted, allowing for the complete environmental rehabilitation of the site, as well as having a positive socio-economic effect on local industry.

Part of the Circular Economy
Phalaborwa's business model is founded on the extraction of value from waste, which gives the project a place in the circular economy:
- The project will recover magnet REE from phosphogypsum stacks that are currently a waste pile in need of environmental rehabilitation.
- There is the opportunity to source key reagents locally from other operations and process water will be sourced from the polluted water associated with the stacks.
- The clean gypsum by-product can be sold on for use in other industries.
- Given the site's brownfield nature, Rainbow will look to maximise the potential for positive impacts through rehabilitation and remediation.

Update on operations
The Interim Study highlighted a number of opportunities for further cost optimisation. Rainbow's main objective in 2025 has been the completion of trade-off studies and test work to deliver the optimal economic flowsheet to ensure the long-term success of the project.

During the Year, the Company took the decision to establish its own in-house laboratory facilities in Johannesburg, which would place this important optimisation work directly under Rainbow's control. The agreement with K-Technologies, Inc. ("K-Tech") for licencing their proprietary CIC technology remains in place, with licence fees payable should CIC be used for the final separation of the MREP.

The lab facilities became operational in Q1 2025 and were equipped with state-of-the-art technology that allows for the performance of leaching, ion exchange, precipitation and separation test work across the full proposed processing flowsheet. As the work of the laboratory will be applicable beyond the Phalaborwa project, the costs have been treated as research costs and not capitalised against Phalaborwa.

Most importantly, the laboratory features a cutting-edge ICP-MS for analysis of samples taken from test work, which enables the immediate assay of grades ranging from low parts per billion to high purity to be reported internally. This level of accuracy is vital for the evaluation of the Company's test work. The laboratory is equipped to automate test work where possible to ensure accurate and rapid results.

By carrying out the test and assay work at in-house facilities, the Company has delivered significant savings compared to using third party providers as well as making fast progress with its core objectives.

STRATEGIC REPORT
OPERATIONS REVIEW CONTINUED

Update on operations continued
Much important progress was made in each of the Company's three focus areas, being:

1. Maximising REE recovery and impurity rejection via CIX
The extensive piloting work carried out by Rainbow prior to FY 2025 established that the production of a high grade, low impurity feed stream to the separation process is key to achieving separated rare earth oxides of the desired purity level.

Post Year end, the Company was excited to announce that it had developed a purification process combining CIX and precipitation steps that delivers an exceptionally pure MREP equivalent to >55% TREO MREC, significantly better than the industry standard 42% to 44% TREO MREC specification for delivery to Chinese refineries.

The incorporation of CIX has led to a highly efficient process, with the ability to reduce the pregnant leach solution ("PLS") flows from $340m^3/h$ feeding the CIX down to ca. $7\text{-}10m^3/h$ feeding the separation circuit, thereby positively impacting the expected size, energy and reagent use of this final circuit.

The recovery of REE from the phosphogypsum feed to the mixed REE product has been maintained at ca. 65%, in line with recoveries used in the PEA and Interim Study.

Post Year end, the Company also announced a Ce depletion step ahead of the final separation circuit. This has enhanced the quality of the high grade MREP by reducing the low value Ce content by ca. 65%, reducing the metal content of the mixed rare earth feed stream entering the final separation circuit, which is expected to positively impact both capital and operating costs for that portion of the flowsheet.

2. Definition of the optimal path to final separation
Rainbow's focus is now on finalising the separation process to produce a high purity NdPr oxide, while the optimal heavy REE product has been established (in consultation with industry) as a SEG+ product, which will be a mix of medium and heavy REEs including the very high value Dy and Tb that form part of Phalaborwa's REE basket.

An evaluation has commenced to define the optimal route to separation of the proposed MREP. The study 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.

3. Undertaking trade-off studies for the leaching circuit to minimise both operating and capital costs
A number of trade-off studies to optimise the primary leach circuit, which represents ca. 85% of the Phalaborwa flowsheet and cost base, were identified as a result of the Interim Study. These studies are progressing positively and are expected to deliver meaningful savings in power, reagent, labour and capital costs.

Rainbow's in-house laboratory is now 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 to optimise the primary leach circuit.

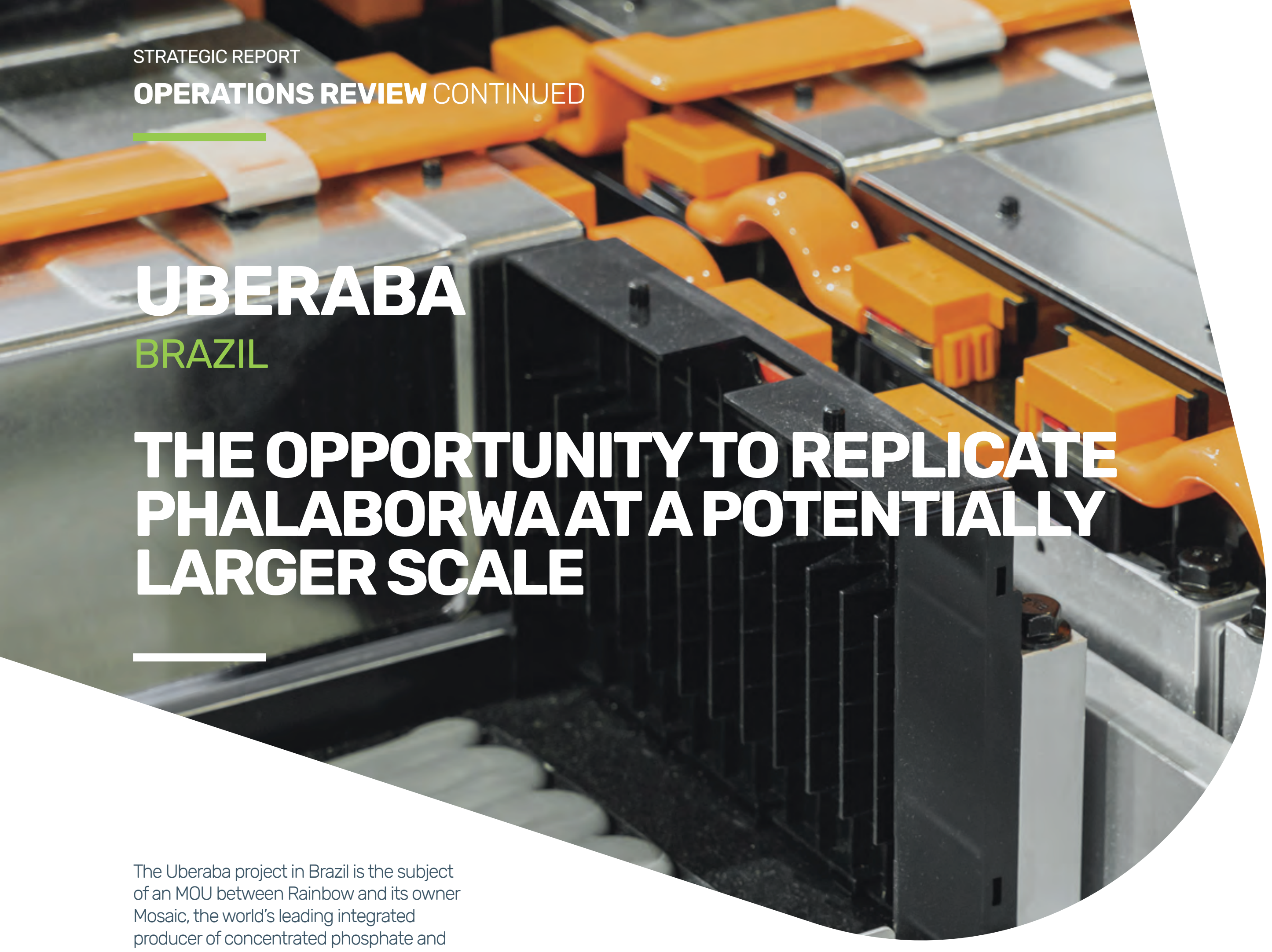
Pathway to production
The results of the trade-off studies and pilot plant operation for the production of the high grade MREP, together with the decision on the optimal development options for separation, will be incorporated into the project's DFS, which is expected to be finalised in 2026. Precise timing is dependent on the outcome of these workstreams. Whilst the fastest route to production is likely to be the sale of the MREP, a final decision on the optimal development route will require the offtake opportunities and sale price of the MREP to be compared to the economics of the separation options available. The final decision will be informed by a comprehensive economic assessment, considering financing availability, costs, project timelines, and overall economics.

Upon completion of the DFS, permit applications will be lodged, with permitting expected to take up to one year. In parallel, the Company will commence the project finance process, with off-take being an integral part of this. It is expected that project construction can commence in 2027.

An important part of an independent and responsible rare earths supply chain

Phalaborwa is a unique project in that it offers a near-term and responsible source of the REE that are essential to both national security and economic resilience. Furthermore, by extracting rare earths from secondary sources, Phalaborwa offers an improved cost profile in comparison to the global peer group.

These credentials have seen strong backing for the project by the Company's stakeholders, including the DFC, which has committed US$50 million to Phalaborwa's funding via strategic shareholder TechMet, and Ecora, which chose Rainbow as its first royalty investment in rare earths. These stakeholders carried out extensive due diligence on the project, further validating the quality of this opportunity.



UBERABA
BRAZIL

THE OPPORTUNITY TO REPLICATE PHALABORWA AT A POTENTIALLY LARGER SCALE

The Uberaba project in Brazil is the subject of an MOU between Rainbow and its owner Mosaic, the world's leading integrated producer of concentrated phosphate and potash. The project is similar to Phalaborwa in that it will entail the processing of phosphogypsum that is the by-product of phosphoric acid production sourced from a hard rock carbonatite phosphate deposit.

While public data is not available on the size of the Uberaba resource, initial indications are that it is significantly larger than Phalaborwa. In addition, Mosaic's phosphoric acid operations are ongoing and based on long-life phosphate mines feeding the phosphoric acid production facilities, meaning that new phosphogypsum will be produced for many years to come.

During the Year, Rainbow and Mosaic announced that they have commenced work on an EA for the recovery of REE from the Uberaba phosphogypsum. The EA is intended to allow both parties to understand the economics ahead of finalising a partnership to replace the current non-binding MOU to realise this opportunity. On signing of a legally binding agreement with Mosaic, a finder's fee of US$300,000 will be payable in four equal annual instalments.

Assay work on samples from the Uberaba phosphogypsum has returned grades of between 0.45% to 0.79% TREO, with NdPr being 24.5% of the rare earths' basket and economic quantities of Dy and Tb. The average grade, which will be used in the EA, is 0.52% TREO. The material has not been formally defined as a JORC compliant REE resource to date as the feed for the Rainbow plant is based on the long-life feed from the phosphate mines into the phosphoric acid plants operated by Mosaic on site.

A flowsheet to recover the REE has been defined for the EA by test work as a joint collaboration between Rainbow and Mosaic. The flowsheet receives phosphogypsum from the Uberaba phosphoric acid process facility and treats the material for REE extraction. The chemically processed and cleaned phosphogypsum stream is then returned to the Mosaic Uberaba process facility. As at Phalaborwa, the EA is based on the establishment of a single hydrometallurgical plant on site to produce purified rare earth products.

The EA will be based on an initial project life of 15 years. Due to the life of mine of the underlying phosphate resource feeding the phosphoric acid plant at Uberaba, recovery of rare earths can be expected to extend for a far longer period. The modest third-party costs of ca. US$230k to develop the EA are being shared 50:50 between Rainbow and Mosaic.

"As at Phalaborwa, we expect it to be a low-capital intensity project and a low-cost source of the critical rare earths driving the green energy transition and other advanced and emerging technologies."

GEORGE BENNETT
CEO

TECHNOLOGY DRIVEN GROWTH

Recovering REE from phosphogypsum opens up a global opportunity
Rainbow's technology can unlock a global opportunity for a low-cost and responsible supply of REE from phosphogypsum. The global phosphoric acid market is expected to grow significantly driven by fertilisers, food and beverages, pharmaceuticals, animal nutrition and water treatment. As the phosphoric acid market grows, Rainbow will focus on partnering with both existing and emerging producers to recover REE as a by-product.

Phosphoric acid is produced from phosphate rock sourced from either sedimentary or hard rock sources. Rainbow's Phalaborwa project and the Uberaba project in Brazil are both associated with a hard rock carbonatite hosted phosphate source, which have higher grades of associated REE than sedimentary sources. The innovative extraction technology developed at Phalaborwa is believed to be broadly applicable to recovering REE from these types of opportunities.

The majority of phosphoric acid production is associated with sedimentary phosphate ores, which typically have lower REE grades than hard rock sources. In August 2022, Rainbow entered into a master agreement with OCP, the Moroccan world-leading producer of phosphate products, and UM6P, a Moroccan university with a strong focus on science, technology and innovation, to further investigate and develop the optimal technique for the extraction of rare earth elements from sedimentary-sourced phosphogypsum.

This collaborative effort is at a much earlier stage of development than Phalaborwa but could potentially represent a significant long-term source of REE.

In addition to Uberaba and OCP, Rainbow is currently evaluating approaches for strategic partnership opportunities in Canada and Saudi Arabia.

DEVELOPING A RESPONSIBLE SUPPLY OF CRITICAL RARE EARTHS

Our approach to sustainability
By focusing on the production of critical rare earths from secondary sources, integrating environmental considerations into decision making, maintaining high governance and ethical standards and focusing on stakeholder value creation, Rainbow aims to be a forerunner in the establishment of an independent and ethical supply chain of the REE that are driving future-facing technologies.

Rainbow has placed responsible production at the heart of its business model. We recognise that our projects can offer a trusted and traceable source of the critical magnet rare earths. This is particularly important when it comes to the heavy rare earths, Dy and Tb, as industry consultants Benchmark estimate that less than 1% of their production currently meets average ESG standards (see case study "The challenges around heavy REE sourcing" on page 21).

As such, the Company is focused on laying strong foundations from which to embed sustainability in its project development as well as to manage, measure and report on its sustainability performance.

Rainbow's sustainability practices, disclosure and reporting will continue to evolve as the project design and DFS for Phalaborwa are finalised, allowing for the project to move into development and on to production. This will include a comprehensive materiality assessment for Phalaborwa, the identification of the most appropriate sustainability KPIs with which to measure the Company's sustainability performance over time, and the setting of short- to long-term ESG targets.

Rainbow's approach to sustainability is founded on the four pillars below:

Our contribution to the global agenda
Rainbow intends to contribute to the vision of the Sustainable Development Goals ("SDGs"), which provides a shared blueprint to end poverty and inequality, protect the planet, and ensure peace and prosperity for people, now and into the future.

The Company has identified three SDGs with which our business is currently aligned; however, we will continue to evaluate our contribution to the SDGs over time and would expect that these goals may be revised as the business evolves and matures.

Chosen SDG	Description	Reason for Rainbow alignment
8 DECENT WORK AND ECONOMIC GROWTH	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work.	With its innovative approach to producing critical rare earths in an environmentally responsible manner from secondary sources, Rainbow aims to create economic value, with a focus on local supply chain support and job creation, thereby supporting growth and development.
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.	Rainbow has developed proprietary technological expertise to efficiently process rare earths, which are an essential building block for permanent magnets used in critical sustainable infrastructure and environmentally sound technologies, such as wind turbines and EV motors.
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Ensure sustainable consumption and production patterns.	The Company aims to be part of a circular economy by producing rare earths from secondary sources, which could otherwise be considered waste, thereby rehabilitating historical environmental degradation and avoiding the carbon emissions and other environmental impacts associated with traditional rare earth mining.

Sustainability governance and management
Sustainability is an important agenda point at Rainbow's Board meetings and the Company has established a Board-level Sustainability Committee, which includes the CEO as a member.

The Sustainability Committee is responsible for overseeing on behalf of the Board, and making recommendations to the Board, on:

- the Group's initiatives, including policies, compliance systems, monitoring processes and strategies, to manage sustainability-related business practices and performance;
- promoting the Group's long-term success and viability by seeking opportunities to strengthen the Group's licence to operate, recognising the role Rainbow has to play in taking a responsible approach to managing its environmental and social impacts as well as prioritising ethical business practices; and
- oversight of the implementation of the Group's sustainability strategy, helping to ensure that Rainbow is a responsible, resilient and sustainable business.

The Sustainability Committee met once in FY 2025 – read more on page 42.

Rainbow's Sustainability Policy guides the Company's approach and sets out clear commitments to operating in a safe, ethical, sustainable and responsible way. This is approved by the Board and is available on our website here: https://www.rainbowrareearths.com/about/corporate-governance/company-policies/. The policy covers a range of topics such as governance and ethics, human rights, health and safety, employment, environmental impacts (including, but not limited to, those related to climate change, emissions, pollution, water stewardship, responsible waste management, biodiversity), communities and our supply chain.

It is fundamental to our business model that ESG considerations are integrated into all strategic decision making. Sustainability risks and opportunities are considered as part of the Company's overall risk management processes and frameworks – read more on pages 44 to 47.

The challenges around heavy REE sourcing
Heavy rare earth elements, such as Dy and Tb, are crucial for enhancing the performance of high-strength permanent magnets. They enable neodymium-iron-boron ("NdFeB") magnets to maintain their magnetic properties at higher temperatures. This is vital for applications in electric vehicle motors, wind turbines, and other technologies that require robust and efficient magnetic components.

While Western rare earth companies are striving to produce separated HREE, the supply chain remains more concentrated than for light REE, with well over 90% of processed HREE production controlled by China.

HREE are typically found in ion-adsorption clay ("ionic clay") deposits, which are formed through the weathering of REE-rich source rocks over long geological periods, with the REE being mobilised and chemically bonded onto clay minerals.

The exploitation of these ionic clay deposits can pose significant environmental challenges. The extraction method of in-situ leaching and the acids or chemicals involved can lead to long-term soil and water contamination, impacting ecosystems and local communities. The residual tailings from ionic clay can also experience heavy metal and/or radioactive contamination and gradually evolve into a pollution source, especially in the high rainfall areas associated with these geological occurrences.

This has been the case for unregulated ionic clay mining in China, as well as in Myanmar which has come to account for almost two-thirds of the Dy and Tb on the global market. Most of the HREE from Myanmar originate from Kachin State, on the border with China, which has seen a decades-long struggle between ethnic communities and the military junta, leading to human rights abuses.

The above factors have led industry consultants Benchmark to estimate that less than 1% of HREE supply can meet average ESG standards. Rainbow aims to address this issue by providing a responsible and traceable source of HREE for advanced technologies. The initial SEG+ product from Phalaborwa will be an important feedstock for the emerging western HREE supply chain. Longer term, Rainbow aims to further develop its separation capabilities and become a key supplier of the full suite of separated REE required for high performance NdFeB magnets.

RESPONSIBLE BUSINESS

OPERATING IN A SAFE, ETHICAL, SUSTAINABLE AND RESPONSIBLE WAY

Related SDGs

8 DECENT WORK AND ECONOMIC GROWTH

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Key achievements

- No safety incidents reported at Rainbow's in-house laboratory or during pilot testing during FY 2025
- Zero concerns raised via the Group whistleblowing procedure
- Rainbow joined the Rare Earth Industry Association ("REIA"), which is dedicated to a transparent and sustainable REE industry

Governance, ethics and values
Rainbow is committed to good governance, transparency, accountability, effective risk management and to conducting business in an ethical and responsible manner. This is guided by our policies, including the Group Code of Conduct and the Anti-Bribery Policy, which set out the key principles of ethical and responsible conduct and standards of behaviour to which all employees and stakeholders are expected to adhere.

These policies are available on our website at www.rainbowrareearths.com/about/corporate-governance/company-policies/. The policies are approved by the Board and reviewed on an annual basis. All personnel are required to receive guidance and training in relation to the Group's Policy and procedures.

Rainbow's Whistleblowing Procedure provides a dedicated reporting system whereby employees and others are able to raise serious concerns about possible fraud, crime or other serious risk to the Company or its stakeholders – read more on page 42. The procedure is also available at www.rainbowrareearths.com/about/corporate-governance/company-policies/ and is communicated to employees and stakeholders. No complaints were received via the whistleblowing procedure in FY 2025 (FY 2024: nil).

As our business continues to grow, we will focus on further maturing our procedures and developing our policies to ensure continued effective corporate governance.

Human rights
Rainbow is aware of its responsibility to respect and protect the internationally recognised human rights of our people, business partners and, where this is within our control, the human rights of those within our supply chain and communities.

We are committed to the prevention, mitigation and, where appropriate, remediation of any adverse human rights impacts with which the Company is involved. Our approach is guided by the UN Guiding Principles on Business and Human Rights and the UN Declaration of Human Rights and is contained within the Company's Code of Conduct as well as within our Supplier Code of Conduct.

In terms of Phalaborwa's unique profile, the project envisages a brownfields chemical processing operation on an existing industrial site. As such, it has no detrimental impact on local land use and no community resettlements are required.

Purpose and values
Rainbow's purpose is to produce the critical rare earths required to drive future-facing technologies in an efficient and responsible manner. By integrating sustainable development considerations into corporate strategy and decision-making processes, we believe we can operate in a manner which creates long-term shared value and benefits for our stakeholders and reflects our core values of:

- Zero harm
- Integrity
- Respect
- Accountability
- Transparency
- Courage

Health and safety
Our primary objective is to achieve a zero-harm working environment and we are committed to supporting employee health.

We prioritise the safety of our workforce and will implement and maintain strong health and safety management systems at our operations.

Our approach to safety prioritises a commitment to identifying and taking appropriate action to avoid or mitigate workplace incidents, injuries and illnesses. We also provide appropriate training on health and safety management to our workforce and promote a culture of responsibility for keeping ourselves and each other safe from harm.

No health and safety incidents have been recorded in FY 2025 (FY 2024: nil) during Rainbow's test work programmes, including the Phalaborwa pilot plant and laboratory operations.

Fair employment
Rainbow is committed to responsible and fair employment practices, with due consideration to diversity, wherever we operate and looks to provide a working environment in which everyone is treated with respect and dignity.

We aim to provide training and skills development opportunities, contributing to an effective and engaged workforce.

Rainbow is an equal opportunity employer and does not tolerate discrimination against, or harassment of, any of our employees on any grounds (including race, ethnicity, national origin, age, religion, gender, sexuality) or retaliation. Any such instances of discrimination are treated as serious misconduct, in line with the Company's Code of Conduct.

CREATING VALUE

CONTRIBUTING TO A RESPONSIBLE SUPPLY CHAIN, PROMOTING SOCIO-ECONOMIC DEVELOPMENT AND PROVIDING LOCAL OPPORTUNITIES

Related SDGs

8 DECENT WORK AND ECONOMIC GROWTH

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Key achievements

- Ongoing optimisation of flowsheet to enable a long-term sustainable business
- Focus on high-quality partnerships to ensure project success
- Off-take discussions underway to ensure Phalaborwa provides a responsible source of REE for the emerging international REE supply chain in line with the critical minerals strategies being adopted by many western Governments.

We aim to positively contribute to the communities in which we operate through the provision of local employment opportunities, the support of local supply chains, community support and the transparent payment of taxes and royalties; read more in our Payments to Governments Report on page 33.

Phalaborwa will create numerous employment opportunities over its life, with priority being given to the local workforce. The Company will also work closely with local contractors and suppliers to build long-term supply chain solutions from the local area, contributing to socio-economic development.

We are aware that effective stakeholder engagement will be fundamental to the long-term success of Phalaborwa and are focused on building mutual trust and respect with our local communities and integrating stakeholder considerations into project development decisions to create long-term value for all our stakeholders, as well as allowing Phalaborwa to operate and grow in a stable social environment.

Stakeholder engagement forms an integral part of the ESIA process, which Rainbow expects to commence following the finalisation of the project design, expected in FY 2026.

An integrated public participation process has been formulated by WSP to comply with applicable legislation. As part of this, a Stakeholder Engagement Plan ("SEP") has been developed under South African legislation and in accordance with the IFC Performance Standards and the Equator Principles.

The SEP is a 'living document' that will change over time as the project progresses and associated aspects emerge. A stakeholder database will be developed and all engagements and issues raised during engagements will be recorded for follow-up and management purposes over the project's life.

A dedicated Grievance Mechanism for use by local stakeholders has also been formulated by WSP in accordance with IFC Performance Standards. This sets out how grievances can be submitted, recorded, managed and addressed by the Company. The Grievance Mechanism will go live once the public participation process for the ESIA commences.

Responsible supply chain
Rainbow is committed to developing a responsible rare earths supply chain, both upstream and downstream of Rainbow's activities. The Company's Supplier Code of Conduct sets out the expectation that all companies within our supply chains should apply the same high standards of behaviour and business practices that we expect at Rainbow.

Our Supplier Code of Conduct is available on our website at https://www.rainbowrareearths.com/about/corporate-governance/company-policies/ and includes some of the following key expectations of our suppliers:

- the provision of safe working conditions and responsible employment practices, including a minimum requirement to pay statutory wages and to follow applicable working time legislation;
- taking adequate measures for the prevention, mitigation and, where appropriate, remediation of any adverse human rights; and
- environmentally responsible operating practices.

When working with suppliers for the first time, Rainbow's process is to supply them with the Supplier Code of Conduct and ask them to confirm that they have read, understood and will comply with the commitments. We expect suppliers to implement or develop appropriate internal processes and/or corrective actions to achieve compliance with the Supplier Code of Conduct.

In the event of failure to uphold commitments and in the case of a serious breach of practices, Rainbow may end a contractual relationship.

As our business grows, responsible supply chain management will continue to be an area of significant focus and we will develop our policy and approach accordingly.

FOCUS ON SECONDARY SOURCES

APPLY OUR UNIQUE PROCESSING TECHNOLOGY TO HISTORICAL WASTE IN THE FORM OF PHOSPHOGYPSUM STACKS

Related SDGs

8 DECENT WORK AND ECONOMIC GROWTH

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Key achievements

- Test work confirms Rainbow's unique and low-cost process to recover magnet rare earths from phosphogypsum
- Multiple opportunities continue to be pursued to optimise flowsheet efficiencies
- Renewable energy briefing session for the Board

By focusing on the production of rare earths from secondary sources, Rainbow aims to integrate a circular economy approach into business decisions, where possible, and avoid carbon emissions usually associated with many elements of a traditional mining business model.

Using our unique processing technology, our intention at Phalaborwa is to process material from historical waste (the phosphogypsum stacks) in an efficient and responsible way, operating on a brownfield site and thereby not detrimentally impacting local land use. In so doing, the Company has the opportunity to rehabilitate the environmental degradation brought about by historical operations on site. Rainbow will work closely with previous owners of the property to accelerate the rehabilitation of unused areas in accordance with the closure plans and funding already in place.

An important element of Rainbow's opportunity to rehabilitate the site will be neutralising the acidic water currently on top of the gypsum stacks for use in a closed circuit in the processing plant. This will negate the need to draw on local water sources from a water-stressed region for its processing operations.

Rainbow is currently carrying out trade-off studies for the primary leach circuit in order to minimise both operating and capital costs, maximising the energy and reagent efficiency of the project. The most efficient sourcing of key reagents such as sulphuric acid is being considered as part of this work.

The by-product of Rainbow's process will be benign gypsum material that will be deposited on new stacks that are being designed by gypsum specialists Ardaman and Associates, Inc., a Tetra Tech company, in accordance with IFC Performance Standards and Equator Principles. This clean gypsum is in demand from the industrial and agricultural sectors and Rainbow has an offtake agreement with NEXUS, under which NEXUS will acquire gypsum from the Phalaborwa project in South Africa and sell it to end users, depleting the new stacks over time.

Rainbow expects Phalaborwa to use a lower amount of energy and reagents compared to traditional hard rock mining deposits due in part to the source material already having been chemically 'cracked'. In order to better understand Phalaborwa's environmental impact, once the processing flowsheet is finalised Rainbow will conduct a life cycle analysis ("LCA"), which is a measurement of the carbon emissions of a product or service over its life cycle.

The LCA will quantify and analyse the GHG emissions associated with the entire life cycle of REE production, including mining, processing, manufacturing, product use, and disposal. This will assist us in identifying opportunities for reduction to minimise the Company's carbon footprint by optimising energy use, improving efficiency and exploring alternative materials and processes.

Other portfolio opportunities
Leveraging our proprietary technology, we continue to explore opportunities to deliver separated rare earth oxides from secondary phosphogypsum sources around the world.

Rainbow and its partner Mosaic have commenced an EA for the recovery of REE from the Uberaba stack in Brazil - read more on page 18.

The Uberaba material is similar in nature to the Phalaborwa project in that it is based on a hard rock carbonatite phosphate deposit, which is mined to initially produce a phosphate slurry feed which is processed into phosphoric acid using sulphuric acid. This process delivers phosphogypsum material that contains most of the REE present in the phosphate slurry feed.

The carbonatite source rock is important as the majority of phosphoric acid production is associated with sedimentary phosphate ores, which typically have lower REE grades than carbonatite hard rock sources. Rainbow is continuing to evaluate carbonatite-sourced phosphogypsum projects globally in order to potentially establish a pipeline of projects for a long-term sustainable business.

Rainbow will also continue to further investigate the optimal technique for the extraction of REE from sedimentary-sourced phosphogypsum, which would open up a huge landscape of opportunities globally – read more on page 19.

ENVIRONMENTAL INTEGRATION

INTEGRATING ENVIRONMENTAL CONSIDERATIONS INTO STRATEGIC DECISION-MAKING

Related SDGs

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Key achievements

- Carbon accounting workstreams underway including the calculation of office-based Scope 1 and 2 emissions
- Actively pursuing a low carbon energy source for Phalaborwa
- Renewable energy briefing session for the Board

We are committed to integrating environmental considerations into strategic decision-making at the highest level of the business (i.e. Board and Sustainability Committee level) in order to create a responsible and sustainable supply of critical rare earths. We aim to achieve continuous improvement in environmental practices and performance and to minimise, or where possible avoid, negative impacts from our operations on the natural environment, including those relating to climate change, water usage, waste management and biodiversity.

The Phalaborwa project in South Africa offers a strategic and traceable source of all four of the rare earths used in high performance permanent magnets. The project is unique in that it will incorporate environmental remediation work that will address legacy issues on a site near to an important nature reserve, being the Kruger National Park, with the resultant clean-up offering benefits to both the local communities and biodiversity.

By neutralising the acid water that has accumulated on top of the phosphogypsum stacks and by depositing the process' by-product onto new lined stacks, Rainbow expects to:

- improve the ground water quality;
- have a positive impact on local biodiversity due to better water quality; and
- have a positive impact on local community health due to improved water quality.

Monitoring programmes and KPIs will be put in place once the project is operational and progress can be tracked versus the baseline.

The ESIA at Phalaborwa is being conducted by consultants WSP in accordance with IFC Performance Standards and this work will inform the implementation of a robust environmental management system for the project.

As Phalaborwa progresses to development, our aim will be to implement sound environmental management practices around resource use, energy, water and waste management, air quality and carbon emissions and biodiversity. Given the site's brownfield nature, we will look to maximise our potential for positive impacts through rehabilitation and remediation.

Phalaborwa is founded on the principles of circularity via the extraction of value from 'waste' products. As part of this, the intention to sell the benign gypsum by-product produced at the project is expected to see the phosphogypsum stacks at Phalaborwa eventually fully depleted, which would allow for a full-circle environmental rehabilitation of the site.

The Company has identified multiple optimisation opportunities that are expected to positively impact operating costs and the carbon emissions associated with our processing operations – read more on pages 16 to 17.

Climate change and carbon emissions
Rainbow acknowledges the global threat of climate change and its importance and relevance to all its stakeholders. Managing the impacts of our business is central to our commitment to protecting our environment.

Rainbow has multiple workstreams underway to ensure that it can properly and strategically address climate change mitigation. Firstly, the Company is looking to fully assess and understand Phalaborwa's carbon footprint, both via carbon emissions calculations and the planned LCA work. Secondly, Rainbow will also be evaluating the impacts of climate change on its operations via scenario analysis and physical risk assessments.

The work to evaluate Phalaborwa's impacts is dependent on the finalisation of the project design and flowsheet to recover rare earths from phosphogypsum. The important optimisation work underway is expected to enhance the efficiencies of what has already been established as a low-cost way to produce REE. Once the flowsheet has been finalised, Rainbow can establish baseline preliminary carbon emissions calculations for the project, as well as progressing work on the planned LCA.

Phalaborwa is a relatively low energy-intensive project with power requirements of ca. 18 MW as set out in the Interim Study. Rainbow recognises the benefits that securing a source of low carbon energy would bring to the project and its stakeholders and is therefore advanced in the evaluation of a renewable energy power agreement. It is envisaged that renewable energy will provide the bulk of the project's power requirements, including the opportunity for on-site solar back-up power capacity, thereby further reinforcing its green credentials.

Studies Manager, Tamsyn de Jager, has managerial responsibility for the evaluation of low carbon power for Phalaborwa, in line with the recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD").

The Company will continue to implement and report on the recommendations of the TCFD, which will be integrated into both the Group and project development; read more on pages 27 to 31.

ENVIRONMENTAL INTEGRATION CONTINUED

TCFD FRAMEWORK

The TCFD was created by the Financial Stability Board in 2015 to develop guidance for consistent climate-related financial risk disclosures for use by companies, banks, and investors in providing information to stakeholders. One of the Financial Stability Board's key aims was to enable stakeholders to better understand the "concentrations of carbon-related assets in the financial sector and the financial system's exposure to climate-related risks".

Ultimately, increasing the amount of reliable information on exposure to climate-related risks and opportunities will strengthen the stability of the global financial system, contribute to a greater understanding of climate risks, and facilitate financing the transition to a more stable and sustainable economy.

Accordingly, the TCFD developed a set of recommendations in 2017 to assist companies in identifying and disclosing the financial impacts of climate change risks and opportunities on their business in their mainstream reports, including their annual reports and financial filings. The latest TCFD guidance on implementing the recommendations was published in 2021, which includes supplemental guidance for insurance companies and asset owners.

The TCFD recommendations are categorised according to four thematic areas that represent core elements of how organisations operate: Governance, Strategy, Risk Management and Metrics and Targets. These elements are outlined in Figure 1 below.

Governance	Strategy	Risk management	Metrics and targets
Disclose the Group's governance around climate-related risks and opportunities.	Disclose the actual Disclose the actual and potential impacts of climate-related risks and opportunities on the Group's businesses, strategy and financial planning where such information is material.	Disclose how the Group identifies, assesses and manages climate-related risks.	Disclose the metric and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.

Figure 1: TCFD framework.

ENVIRONMENTAL INTEGRATION CONTINUED

TCFD REPORT

Rainbow is focused on achieving responsible, near-term and efficient rare earths production from secondary sources. With demand for the rare earths required in permanent magnets largely driven by global decarbonisation efforts, Rainbow's business model itself is linked to climate-related opportunities. As such, we acknowledge the importance of integrating climate-related risks and opportunities into our strategy and are intent on putting the right foundations in place from the outset from which to develop our approach to sustainability.

Developing climate change-related strategies and commitments, backed up by increased disclosure and reporting, is a key element of this approach. These workstreams will continue to evolve as we finalise our project assessment phase before moving into the development phase and on to production.

Rainbow has prepared the following disclosures for FY 2025 according to the TCFD key themes and recommendations. The TCFD assessment is the same as that first published in the 2023 and 2024 Annual Reports, prepared by an independent specialist in sustainability reporting. There have been no significant changes over this time, and the rating assessment is considered to remain valid.

GOVERNANCE

Recommendation	Response	Compliance
a. Describe the board's oversight of climate-related risks and opportunities	Rainbow's Board comprises the Chairman, one Executive Director, four independent Non-Executive Directors and one Non-Executive Director. The Board is responsible for regularly assessing and reviewing key business risks in the Company's operations and met nine times in the last financial year. The Company's Sustainability Policy states Rainbow's commitment to sound environmental management and minimising the impacts of our operations on the environment, including those relating to climate change, water usage, waste management and biodiversity. The policy is available at www.rainbowrareearths.com/about/corporate-governance/company-policies/. The Board has established a Sustainability Committee which has formally delegated oversight of the Company's management of sustainability-related risks and opportunities including environmental impacts, climate related risks and opportunities (read more on page 42). The Sustainability Committee met once in the Year.	Partially compliant
b. Describe management's role in assessing and managing climate-related risks and opportunities	The Board delegates sustainability-related responsibilities to management. Accordingly, the Directors and management regularly assess and discuss the principal risks facing the Company. In addition, senior management regularly discuss material developments (normally weekly) and consider the financial and reporting implications of any matters arising. At the present time, the requirement to assess and manage such risks is limited by the fact that the Company has no projects in operation outside of the laboratory in Johannesburg. However, the planning work is underway to ensure that as Phalaborwa progresses towards production, we have taken the rights steps to minimise risks in this area. Risk management, including climate-related risks, are formally overseen by the Board and Audit Committee, in liaison with the Sustainability Committee. Rainbow is currently working with independent environmental consultancy Promethium Carbon ("Promethium") to develop its climate-related strategy and action plan, including its approach to disclosure and reporting.	Partially compliant

ENVIRONMENTAL INTEGRATION CONTINUED

TCFD REPORT CONTINUED

STRATEGY

Recommendation	Response	Compliance
a. Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	Rainbow's strategy is to develop a responsible supply of rare earth minerals to meet the escalating demand for these critical minerals needed for global decarbonisation. Phalaborwa is still in the preliminary stages of development; however, in order to build strong foundations at the earliest stage, the following key workstreams have been initiated to assess and help inform a robust view of the physical and transitional climate-related risks and opportunities that may impact our operations and the environment. • Rainbow is currently optimising the flowsheet to recover and separate REE from phosphogypsum at Phalaborwa. Once confirmed, the finalised flowsheet parameters will be used to estimate Phalaborwa's Greenhouse Gas ("GHG") emitting activities once in production. • Rainbow is planning, alongside Promethium, to develop an LCA for Phalaborwa to assess the GHG emissions and other environmental impacts associated with its proposed method of producing REE throughout its life cycle. This will enable Rainbow to identify emission hotspots and opportunities for reduction, supporting the development of the Group's decarbonisation strategy. • Rainbow's climate change work will include the development of scenario analyses to evaluate future climate change-related risks and opportunities for the business over the short, medium and long term.	Partially compliant
b. Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	Climate-related opportunities are some of the material drivers behind Rainbow's business model and growth strategy. Rainbow expects to contribute to the green energy transition via the responsible production of REE, with a specific focus on Nd, Pr, Dy and Tb. These REE are fundamental in the production of permanent magnets used in wind turbines and EVs, with their demand projected to escalate further to the green energy transition: read more on pages 11 to 12. The financial impacts of the climate risks and opportunities facing the business will be further explored and articulated following results from the LCA and scenario analysis testing (as described above). These measures will inform Rainbow's business, strategy, and financial planning in relation to climate-related risks and opportunities. Rainbow is committed to integrating environmental considerations into strategic decision-making and sound environmental management, with a focus on environmental protection and the responsible use of natural resources. This includes a focus on energy efficiency and the investigation of the commercial viability of using renewable energy sources: read more on page 25.	Partially compliant

ENVIRONMENTAL INTEGRATION CONTINUED

TCFD REPORT CONTINUED

STRATEGY CONTINUED

Recommendation	Response	Compliance
c. Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Rainbow's focus on producing separated REO from historical waste phosphogypsum contributes to the underlying strength and resilience of our business model, as many of the costly, energy-intensive steps associated with traditional rare earth mining projects are not required. Furthermore, Rainbow has the opportunity to reduce its negative environmental impact by utilising reclaimed acid water from the phosphogypsum stacks in a closed circuit. Leveraging our proprietary technology, we continue to explore opportunities to deliver separated REO from secondary phosphogypsum sources around the world, which have the potential to be brought into production quicker and at a lower cost than traditional hard rock mining projects. Rainbow is exploring a second opportunity to recover magnet REE from phosphogypsum via an MOU with Mosaic with regards to the Uberaba stack in Brazil - read more on page 18. In addition, Rainbow intends to use climate change scenario analyses to fully investigate the resilience of the Group's strategy to climate change risks and opportunities. The outcomes of these assessments will be published once available. The setting of a baseline carbon footprint in the future will assist the Company in managing the performance of meeting emission reduction targets and other related sustainability metrics.	Partially compliant

ENVIRONMENTAL INTEGRATION CONTINUED

TCFD REPORT CONTINUED

RISK MANAGEMENT

Recommendation	Response	Compliance
a. Describe the organisation's processes for identifying and assessing climate-related risks; **b. Describe the organisation's processes for managing climate-related risks, and** **c. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.**	Rainbow will use the confirmed operating parameters from the finalised flowsheet to estimate and assess expected emissions from planned operations at Phalaborwa, as a first-pass carbon footprint assessment. Alongside the LCA and proposed scenario analysis workstreams, the first-pass carbon footprint will be critical in identifying and assessing climate-related risks and identifying carbon reduction opportunities. The emissions calculations will assist Rainbow in informing, understanding, and optimising project development and subsequent operations. The relatively small size of Rainbow's management and finance team allows the team to retain tight control over the identification and management of risks, and related financial impacts, currently facing the business. The Board therefore does not currently consider it appropriate to have a separate internal audit function. Accordingly, the Board and the Audit Committee are responsible for ensuring that the risks inherent to operating the Company, across numerous jurisdictions, are identified, assessed, and managed. Rainbow's Sustainability Committee is also responsible for liaising with the Audit Committee, as appropriate, on matters relevant to the Company's management of sustainability-related risks and opportunities. In addition to formal Audit Committee meetings, the Chief Financial Officer has regular interaction with the Chair of the Audit Committee to discuss control and reporting matters in more detail. The Audit Committee and Chief Financial Officer are supported by senior management, who regularly discuss material developments (normally weekly) and consider financial and reporting implications of any matters arising. Environmental risks are disclosed on page 46. As the Company matures, Rainbow will formalise the processes for identifying, assessing, and managing climate-specific risks, which will be integrated into the organisation's overall risk management. Using the outcomes of the ESIA, which is currently being undertaken for Phalaborwa, Rainbow will introduce a robust environmental and social management system to the project.	Partially compliant

ENVIRONMENTAL INTEGRATION CONTINUED

TCFD REPORT CONTINUED

METRICS AND TARGETS

Recommendation	Response	Compliance
a. Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	The first-pass carbon footprint will assist in selecting appropriate metrics for monitoring our operation's emissions. Importantly, the first-pass carbon footprint will be critical in identifying carbon reduction opportunities and will assist Rainbow in informing and optimising project development and subsequent operations. As was the case in FY 2024, we have again calculated Scope 1 and 2 emissions for office-related activities, setting the Company on the right path for future disclosure of more material operations emissions going forward.	Partially compliant
b. Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 GHG emissions and the related risks.	Rainbow's carbon footprint for our head office emissions is shown below. This represents Rainbow's actual emissions and first phase of annual carbon disclosure. **Emissions[1] from office-related activity** **Scope** / **Emissions in tCO_2e** Scope 1 – Direct emissions sources: 2.94 Scope 2 – Energy Indirect emissions: 8.39 Scopes 1 & 2: 11.33 The office activity-related carbon footprint does not serve as a baseline for benchmarking against operation-related emissions in future, as the Company's material carbon emissions will be associated with its processing activities when production commences. Rainbow will establish a baseline emissions profile once the operations are in progress.	Partially compliant
c. Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	As the Company matures, Rainbow plans to set targets to manage climate-related risks and opportunities. These targets will be informed by the culmination of ongoing climate-related scenario analyses and the setting of a baseline carbon footprint once the business is fully operating.	Partially compliant

1 Emissions were calculated by multiplying the activity data by the appropriate emission factor to get the tonnes (t) of carbon dioxide (CO_2) equivalent (e). The activity emissions are reported in line with the GHG Protocol Corporate Standard (GHG Protocol).

RAINBOW'S STRATEGIC FOCUS IS TO IDENTIFY AND DEVELOP SECONDARY RARE EARTH DEPOSITS

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.

Payments to Governments
Rainbow is committed to full payment of its tax and fiscal obligations wherever it operates, as this supports the Group's social licence to operate, and ensures a fair contribution to local economies.

The table below sets out the key payments to governments for the Year arising as a result of Rainbow's activity, which represent indirect taxes (such as payroll taxes and VAT).

In FY 2025 the Company became resident for tax in the United Kingdom. Accordingly for the first time taxes were paid directly to the UK Government.

Payments disclosed in this Report are shown in US Dollars. Actual payments have been made in British Pounds, South African Rands and Burundian Francs.

	FY 2025				FY 2024		
US$'000	**United Kingdom**	**South Africa**	**Burundi**	**Total**	South Africa	Burundi	Total
Payroll tax	**125**	**239**	**9**	**373**	189	15	204
Net VAT	**30**	**(71)**	**3**	**(38)**	(34)	3	(31)
Total net payments to government	**155**	**168**	**12**	**335**	155	18	173

Payroll taxes and VAT (net of recovered amounts) are included as they represent funds paid by the Group to the government either directly or via suppliers.

RARE EARTH ELEMENTS ARE ESSENTIAL COMPONENTS OF MANY OF THE DEVICES WE RELY ON DAILY

CORPORATE GOVERNANCE

Emerging eVTOL technology requires higher power output per kg for motors which is expected to correspond to higher Magnet REE intensity than passenger EV.

BOARD OF DIRECTORS

ADONIS POUROULIS
NON-EXECUTIVE CHAIRMAN

Appointment date:
August 2011

Committees:
Nomination (Chair), Remuneration

Adonis is an entrepreneur whose expertise lies in the discovery, exploration and development of natural resources across Africa, as well as more recently becoming an active investor and developer of clean technologies and sustainable energy projects.

Having worked in the African natural resources sector for over 30 years, he has extensive experience and a wide network of industry relationships across the continent. Adonis is the founder of Rainbow, which he listed in 2017.

He is also founder and CEO of Chariot Transitional Energy (AIM: CHAR), founder and advisor to Energy Revolution Ventures and Chairman of Prosemino, a clean energy incubation platform, founder and Chairman of the Pella Resources Group, and was the founder and Chairman of Petra Diamonds (LSE: PDL).

Qualifications:
BA (Hons) in Science and Mining Engineer – University of Witwatersrand

Interest in the Company
As at 30 June 2025:
89,466,830 shares / 13.9%
2,402,000 share incentives

GEORGE BENNETT
CHIEF EXECUTIVE OFFICER

Appointment date:
August 2019

Committees:
Sustainability

With over 30 years' experience in mining, finance and management, George has led a number of mining and energy companies, including Shanta Gold Ltd (which he successfully listed on the LSE in 2005) and Orecorp Ltd (which he seed funded, raised the initial capital as a non-executive director and listed on the ASX).

In 2006, George established MDM Engineering Ltd, a mining engineering company building mineral process plants and mining infrastructure throughout Africa, which he successfully listed on the LSE in 2008. In 2014, George was instrumental in selling the business to Foster Wheeler Limited.

In addition, George has been a partner and director with a number of leading financial, stockbroking and corporate advisory businesses including Fergusson Bros, Simpson McKie, and HSBC Securities Africa (Pty) Ltd.

Qualifications:
Member of the Johannesburg Stock Exchange

Interest in the Company
As at 30 June 2025:
40,503,150 shares / 6.3%
6,000,000 share incentives

ALEXANDER LOWRIE
INDEPENDENT NON-EXECUTIVE DIRECTOR

Appointment date:
November 2016

Committees:
Remuneration (Chair), Audit, Sustainability

Alex is an experienced director, advisor, board observer and investor with around 25 years' experience, initially in financial markets and subsequently with a specific focus on the critical metals mining, battery recycling and technology sectors. Concentrating on battery, hydrogen and EV critical materials, Alex advises companies from seed stage through to wider capital markets exposure and is a non-executive director to a number of these entities. He is also the co-founder of Telemark Capital LLP, a capital advisory and asset management partnership, which also provides governance services as an independent investment committee member.

Prior to this Alex worked for 14 years in investment banking. He was a director at Deutsche Bank and then RBS, having started his banking career originally with ABN AMRO. Through these positions, he gained extensive experience in primary and secondary equity offerings, bringing companies to market through IPOs (including structuring, marketing and distribution).

Qualifications:
BA (Hons) in combined social sciences – Durham University; currently carrying out Executive Masters of Business Administration ("MBA") – Henley Business School

Interest in the Company
As at 30 June 2025:
6,838,124 shares / 1.1%
1,500,000 share incentives

SHAWN MCCORMICK
INDEPENDENT NON-EXECUTIVE DIRECTOR

Appointment date:
February 2016

Committees:
Sustainability (Chair), Audit, Remuneration

Shawn is an international affairs specialist with more than 30 years' political and extractive industries sector experience having served in The White House as Director for African Affairs on the National Security Council (Washington), Africa Regional Director and Senior Global Affairs Advisor at BP (London) and Corporate Vice President for International Affairs at TNK-BP (Moscow). He is currently Managing Director of a London-based strategic consulting firm focused on the natural resources sector in Africa and beyond.

Qualifications:
BA (Hons) – University of Southern California;
advanced coursework at Insead

Interest in the Company
As at 30 June 2025:
9,483,237 shares / 1.5%
1,933,334 share incentives

BOARD OF DIRECTORS CONTINUED

ATUL BALI
INDEPENDENT NON-EXECUTIVE DIRECTOR

Appointment date:
March 2017

Committees:
Audit (Chair), Nomination

Atul is a corporate Chair and ex CEO and board member with extensive experience in technology, government contracting and regulated industries operating on all six continents. Over more than 30 years, he has led in excess of 50 M&A and JV transactions in over 25 countries and both managed and served on the boards of several highly regulated businesses.

Currently he advises a number of high-growth technology companies, is Chairman of the Football Pools, IWG Ltd, Fincore Ltd, and until 1 July 2025 the Lead Independent Director of Everi holdings, Inc (NYSE: EVRI). He has previously held divisional CEO or President positions with International Game Technology PLC (NYSE: IGT), Aristocrat Leisure Limited (ASX: ALL), and RealNetworks, Inc (NASDAQ: RNWK), a venture capital firm, as well as Deputy Chair of Gaming Realms PLC (LSE: GMR).

Qualifications:
BA (Joint Hons) in Law and Economics, University of Keele
Chartered accountant – KPMG, UK

Interest in the Company
As at 30 June 2025:
4,504,325 shares / 0.7%
1,416,667 share incentives

J. PETER PHAM
INDEPENDENT NON-EXECUTIVE DIRECTOR

Appointment date:
May 2021

Committees:
Nomination

J. Peter Pham is a scholar and practitioner of international affairs with more than 20 years' experience in Africa. Most recently, he served until January 2021 as the first-ever United States Special Envoy for the Sahel Region with the personal rank of Ambassador. He had previously served as the US Special Envoy for the Great Lakes Region of Africa from 2018-2020.

Ambassador Pham is currently a Distinguished Fellow at the Atlantic Council, a preeminent American foreign policy think tank, where he was Vice President for Research and Regional Initiatives and Director of the Council's Africa Center before his service in government. He is the author of several books and more than 300 articles, essays and reviews on African politics, security, and economic issues. He is also an emeritus member of the board of the Smithsonian National Museum of African Art in Washington, DC, serving between 2016-2021 as Vice Chair, the Non-Executive Chairman of Ivanhoe Atlantic and a Non-Executive Director of Africell Global Holdings.

Qualifications:
BA (Hons) in Economics - University of Chicago;
MA (Hons), LLM (Hons), PhD (Hons) - Gregorian University

Interest in the Company
As at 30 June 2025:
714,833 shares / 0.1%
916,667 share incentives

DARRYLL CASTLE
NON-EXECUTIVE DIRECTOR

Appointment date:
June 2023

Committees:
N/A

Darryll is Director of Operations for TechMet, a strategic shareholder with the right to nominate one Director to the Rainbow Board for so long as it holds at least 10% of the issued shares in the Company. Previously he was CEO of several mining and production companies including CEO of Trafigura mining, CEO of PPC Cement, CEO of Anvil Mining (listed in Toronto and Australia), as well as multiple board memberships of listed and private companies, and previously Chief Operations Officer at Metorex Group Limited.

First hand operations and projects experience globally including in Cuba, Spain, Peru, and particularly on the African continent, having run projects and companies in the DRC, Zambia, Angola, Zimbabwe, Ethiopia, Rwanda and Tanzania.

Qualifications:
BSc in Civil Engineering – University of KwaZulu-Natal;
Bachelor of Commerce – University of South Africa;
MBA – University of Cape Town;
past Chartered Financial Analyst (CFA) Charterholder

Interest in the Company
As at 30 June 2025:
821,422 shares / 0.1%

SENIOR MANAGEMENT

PETE GARDNER
CHIEF FINANCIAL OFFICER

Appointment date:
May 2020

Pete is a qualified chartered accountant with a breadth of experience in financial management and corporate finance in the natural resources sector. He was the Finance Director of Amara Mining Plc from October 2009 managing the corporate and financial development of the company culminating in its acquisition by Perseus Mining, and former Chief Finance Officer for Piran Resources, Chaarat Gold Holdings and Alexander Mining Plc.

Qualifications:
BSc (Hons) in Physics – University of Birmingham
Chartered Accountant – ICAEW

Interest in the Company
As at 30 June 2022:
1,516,181 shares / 0.2%
3,300,000 share incentives

DAVE DODD
TECHNICAL DIRECTOR

Appointment date:
January 2021

Dave has over 50 years' extractive metallurgy experience covering research and development, technical sales and predominantly metallurgical project development and execution. He was Technical Director and co-founder of MDM Engineering between 1987-2014. Dave has designed and commissioned plants across Africa and the rest of the world, covering minerals from rare earths to gold, platinum, diamonds, copper, zinc, phosphate, cobalt and many others. He is a Fellow of the Southern Africa Institute of Mining and Metallurgy.

Qualifications:
BSc (Hons) in Chemical Engineering – University of Manchester Institute of Science and Technology

Interest in the Company
As at 30 June 2025:
1,500,000 shares / 0.2%
2,450,000 share incentives

Along with the Board of Directors, the Senior Managers listed on this page have been designated as persons discharging managerial responsibility ("PDMRs") being persons who have the authority and responsibility for planning, directing and controlling major activities of the Group.

CORPORATE GOVERNANCE STATEMENT

Rainbow Rare Earths Limited is a Guernsey-registered company, trading in the equity shares (transition) category of the main market of the London Stock Exchange. As a result, the UK Corporate Governance Code published by the Financial Reporting Council does not apply to the Company. However, the Directors recognise the importance of effective corporate governance and have implemented corporate governance practices with consideration to the recommendations and principles of the UK Corporate Governance Code, in so far as is appropriate for a Company of Rainbow's size and stage of development.

The Board oversees the performance of the Group's activities. It comprises experienced board members who have held senior positions in several public and private companies. The Board is responsible to shareholders for the proper management of the Group. The Non-Executive Directors have responsibility to ensure that the strategies proposed by the Executive Director are carefully considered.

To enable the Board to discharge its duties, all Directors have full and timely access to all relevant information. The Board meets regularly and met eight times in FY 2025. Prior to such meetings taking place, an agenda and board papers are circulated in advance to the Directors so that they are adequately prepared for the meetings. Two Directors present at a board meeting constitutes a quorum.

The Board is invited to visit the Group's operations and a number of site visits to the Phalaborwa project and the Company's laboratory facility in Johannesburg were held in FY 2025 for the Chairman and other Directors. The Board is also given regular updates by Technical Director Dave Dodd and his team to ensure they are fully briefed on technical developments throughout the Year.

There is no agreed formal procedure for the Board (or members thereof) to seek independent professional advice but, pursuant to their letters of appointment, the Non-Executive Directors may, where appropriate, take independent professional advice at the Group's expense.

In accordance with the Company's articles of associations, the number of Directors that may be appointed may not be fewer than two and the Directors submit themselves for re-election every three years at the Company's annual general meeting ("AGM"). The composition of the Board is reviewed regularly to ensure that the Board has the appropriate mix of expertise and experience.

The Board ensures it is aware of the views of major and other shareholders through regular meetings in person (where appropriate), feedback via the Company's investor relations manager or via the review of investor relations board reports, as well as through discussions with the Company's brokers and the analysts that write research on Rainbow. Where such information has been obtained by the CEO, this information is disseminated to the rest of the Board in a timely manner.

Review of internal control and risk management systems
The Board has reviewed the Company's internal control and risk management systems.

Rainbow has a relatively small team of management and financial staff and is therefore able to retain a tight control over its financial reporting activities. The Board does not consider it appropriate to have a separate internal audit function, however a number of internal controls and reviews have been put in place to provide the Board (and the audit committee) with assurance that the risks inherent to operating a natural resource company in more than one jurisdiction are managed appropriately.

These controls include the following:

- Budgets and forecasts are prepared by finance staff in conjunction with operating teams and are reviewed and approved by senior management (and in the case of the budget, by the Board).
- Actual results are reported against budget and forecast, and variances examined.
- All banking transactions must be initiated and authorised by at least two staff members, one of whom is a senior manager (CEO or CFO).
- The group uses a central financial reporting system (Xero) which records all transactions, capturing third party documents (e.g. invoices) which are authorised by relevant senior staff and reviewed by senior management.
- Senior management regularly discuss material developments (normally weekly) and consider financial and reporting implications of any matters arising.

In addition to formal audit committee meetings, the CFO has regular interaction with the audit committee chair to discuss control and reporting matters in more detail.

Board of Directors
The Company had one Executive Director and six Non-Executive Directors at 30 June 2025. All major decisions relating to the Group are made by the Board as a whole. Operations are conducted by the subsidiaries of the Company, with the Company represented by the CEO and CFO on all subsidiary boards

The Board reviews key business risks regularly, including the financial risks facing the Group in the operation of its business. These matters include, but are not limited to, the following:

- determining the strategy for the Company;
- approving the annual budget;
- discussing and approving financing, including new debt and equity;
- setting the dividend policy;
- developing the appropriate ESG standards and practices;
- mergers and acquisitions activity and significant transactions;
- risk management; and
- considering and, if appropriate, approving the recommendations of board committees.

CORPORATE GOVERNANCE STATEMENT CONTINUED

Board of Directors continued

The following table lists the names, positions and ages of the Directors as at 30 June 2025 and current committee memberships:

Name	Age	Position	Audit	Remuneration	Nomination	Sustainability
Adonis Pouroulis	55	Non-Executive Chairman	–	Member	Chair	–
George Bennett	64	CEO	–	–	–	Member
Alexander Lowrie	50	Independent Non-Executive	Member	Chair	–	Member
Shawn McCormick	58	Independent Non-Executive	Member	Member	–	Chair
Atul Bali	54	Independent Non-Executive	Chair	–	Member	–
J. Peter Pham	54	Independent Non-Executive	–	–	Member	–
Darryll Castle	56	Non-Executive	–	–	–	–

The Company does not consider Adonis Pouroulis to be independent by virtue of being a significant shareholder.

The Company does not consider Darryll Castle to be independent by virtue of his role with TechMet Limited, a strategic shareholder with the right to nominate one Director to the Rainbow Board for so long as it holds at least 10% of the issued shares in the Company.

All the other non-executive Directors are considered to be independent in terms of character and judgment, notwithstanding the fact that all the independent non-executives are shareholders in the Company and hold share options over the Company's shares; read more on pages 36 to 37. Independent non-executive Directors Shawn McCormick and Alex Lowrie have served for ca. nine years, being the maximum board tenure suggested by the UK Corporate Governance Code. However, both Directors continue to be assessed as independent in terms of character and judgement. Board tenure will be considered as part of the Company's succession planning work in FY 2026.

The table below shows the attendance at board and committee meetings during the year ended FY 2025:

Name	Board	Audit	Remuneration	Nomination	Sustainability
Adonis Pouroulis	7/8	n/a	n/a	1/1	n/a
George Bennett	8/8	n/a	n/a	n/a	1/1
Alexander Lowrie	8/8	3/3	n/a	n/a	1/1
Atul Bali	8/8	3/3	n/a	1/1	n/a
J. Peter Pham	6/8	n/a	n/a	1/1	n/a
Shawn McCormick	8/8	3/3	n/a	n/a	1/1
Darryll Castle	8/8	n/a	n/a	n/a	n/a

The Board is regularly informed of developments outside of formal board meetings, through update calls and meetings, reports and one-to-one discussions with the CEO and other management.

The deliberations of the various committees, referred to on pages 41 to 42, do not reduce the individual and collective responsibilities of board members regarding their fiduciary duties and responsibilities, and they must continue to exercise due care and judgment in accordance with their statutory obligations.

These terms of reference are subject to the provisions of the articles and any other applicable law or regulatory provision in force in Guernsey, and the listings rules.

In addition to the Audit, Remuneration, Nomination and Sustainability Committees, which have formally delegated duties and responsibilities within written terms of reference, the Board may set up additional committees as appropriate.

Diversity

The Board of Rainbow understands that diversity and inclusion are important in providing a broad range of perspectives in the workplace, fostering innovation, and enhancing company culture, thereby enabling businesses to deliver better results for their stakeholders.

As the Company progresses on its development path, it will continue to consider the appropriate mix of skills, culture and qualities, as well as the diversity represented, that will allow Rainbow to deliver on its strategy.

Rainbow is committed to developing a diverse workforce and to providing a work environment in which everyone is treated fairly and with respect. Furthermore, when evaluating diversity, Rainbow aims to consider a broad definition of difference, including but not limited to experience, skills, expertise, ethnicity, nationality, gender, cultural and socio-economic background, geographic location, age, education, religious beliefs, language, neurodiversity, disability, sexuality and family responsibilities.

The Company does not currently have a formal diversity policy for its Board or its board committees, which is mainly a reflection of the small size of the Rainbow business to date. This issue continued to be considered by the Nomination Committee in FY 2025, with the committee agreeing that the Company should put in place such a policy in due course that will set out its commitment to ensuring an equitable, diverse and inclusive workplace at all levels of the business. This policy will pay due consideration to the South African landscape and the regulatory requirements for the Phalaborwa project.

It should be noted that the Company will be able to report more fully on diversity as Phalaborwa moves towards becoming an operating business in South Africa, with the opportunity to record and monitor the diversity of its workforce over time. The local operating company for Phalaborwa will be subject to South Africa's Employment Equity Act, which will offer the opportunity for Rainbow to actively contribute to the upliftment of previously disadvantaged groups in the country, including those who were disadvantaged based on ethnicity and/or gender.

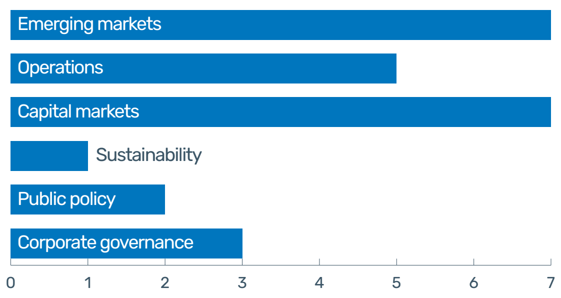
CORPORATE GOVERNANCE STATEMENT CONTINUED

Diversity continued

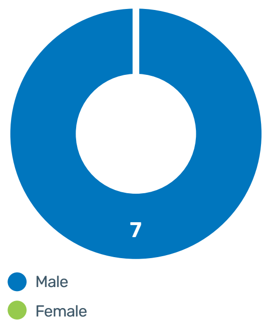
The Company is supportive of the Women in Rare Earths ("WiRE") organisation, which intends to advance diversity in the rare earths sector. CEO George Bennett attended the launch event for WiRE as part of the 2025 REIA Annual Conference in June 2025.

Rainbow Board Diversity

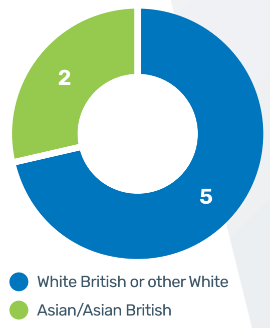
Diversity of skills and experience



Gender diversity



Ethnic diversity



Gender diversity

The Company has not met the UK's Financial Conduct Authority's ("FCA") diversity targets that at least 40% of the board members should be female and that at least one of the senior board positions should be held by a woman, and the reason for this mainly relates to the historically lower proportion of women in the resources and industrial industries. However, the Company is aware that much progress has been made in order to increase female representation in these sectors and improving Board diversity was noted to be a priority for the Nomination Committee in terms of its succession planning in FY 2026 and beyond.

The following table sets out the Company's current gender diversity at senior levels of the business as at 30 June 2025:

	Number of board members	Percentage of the board	Number of senior positions on the board (CEO, CFO, SID, Chair)	Number in executive management	Percentage of executive management
Men	7	100	2	1	100
Women	0	0	0	0	0

Ethnic diversity

The Company has met the FCA's diversity target that at least one member of the Board should be from an ethnic minority background excluding white ethnic groups (as set out in categories used by the Office for National Statistics).

The following table sets out the Company's current ethnic diversity at senior levels of the business as at 30 June 2024:

	Number of board members	Percentage of the board	Number of senior positions on the board (CEO, CFO, SID, Chair)	Number in executive management	Percentage of executive management
White British or other White	5	71	2	1	100
Mixed / Multiple Ethnic Groups	0	0	0	0	0
Asian / Asian British	2	29	0	0	0
Black / African / Caribbean / Black British	0	0	0	0	0
Other ethnic group, including Arab	0	0	0	0	0

Audit Committee

The Audit Committee is chaired by Atul Bali, and its members are Alexander Lowrie and Shawn McCormick. The members of the Audit Committee are considered to possess the appropriate skills and experience to monitor and ensure the integrity of the Group's financial reporting, internal audit, internal financial control and risk management systems and to support Rainbow's governance.

The Audit Committee should meet not less than two times a year and is responsible for ensuring the financial performance of the Company is properly reported on and monitored, including reviews of the annual and interim accounts, results announcements, internal control systems and procedures and accounting policies.

It is also responsible for keeping the categorisation, monitoring and overall effectiveness of the Company's risk assessment and internal control processes under review.

CORPORATE GOVERNANCE STATEMENT CONTINUED

Audit Committee continued
The Audit Committee met three times during the Year. During these meetings, the following matters were considered:
- The audit of the financial statements for the year ended 30 June 2024 was planned and the key areas of audit risk were discussed ahead of the relevant audit procedures being undertaken.
- The financial statements for the year ended 30 June 2024, and the interim financial statements for the six months ended 31 December 2024, were reviewed. The Audit Committee met with the auditors at the conclusion of the FY 2024 audit to discuss their findings and, following due consideration, recommended to the Board that these financial statements be approved.

The Audit Committee also considered the independence and objectivity of BDO LLP alongside their conduct of the external audit, which was considered to be appropriate. The committee considered the composition of the BDO audit team, together with the duration of service of the partner and senior audit team members on the Company's audit, and concluded that BDO LLP was sufficiently independent to conduct the audit. BDO did not provide any non-audit services during the Year. FY 2025 is the ninth year that BDO LLP has audited the Group accounts since the IPO on 30 January 2017 and the tenth year in total. Having considered a range of relevant metrics, a formal audit tender process is not proposed for the year ended 30 June 2026.

The Audit Committee therefore resolved to propose BDO LLP for reappointment at the next AGM for a period of 12 months. It was noted that BDO LLP had been auditors of the Company since October 2016.

Nomination Committee
The Nomination Committee is chaired by Adonis Pouroulis, and its members are Atul Bali and J. Peter Pham. The Nomination Committee is expected to meet only as required. The Nomination Committee is responsible for reviewing, within the agreed terms of reference, the structure, size, and composition of the Board, undertaking succession planning, leading the process for new Board appointments, and making recommendations to the Board on all new appointments and re-appointments of existing Directors.

The Nomination Committee met once in FY 2025 to discuss succession planning and noted that the Board make-up, diversity and skillset will need to evolve in line with the progression of the Company. A plan for succession planning will be put in place and will give due consideration to diversity at both Board and Company level, bearing in mind that improving diversity can help the Company to deliver on its strategic objectives over the long-term.

Remuneration Committee
The Remuneration Committee is chaired by Alexander Lowrie, and its members are Adonis Pouroulis and Shawn McCormick. It is expected to meet at least once a year. The Remuneration Committee has responsibility for determining, within agreed terms of reference, the Group's policy on the remuneration of senior executives and specific remuneration packages for Executive Directors and the Non-Executive Chairman. The remuneration of Non-Executive Directors is a matter for the Board. No Director may be involved in any discussions as to their own remuneration.

During FY 2025, the Remuneration Committee appointed independent external remuneration consultants to carry out a benchmarking assessment of the Company's senior executive remuneration arrangements, with the aim of supporting the development of a Group remuneration approach that is fit for purpose, competitive and robust, while reflecting the Company's progression towards becoming an operating business.

The Remuneration Committee did not formally meet during FY 2025, but it met in August 2025 to discuss the independent proposals and approved Board and Senior Management remuneration. A further meeting is scheduled in Q4 2025 to approve a new structure for long term incentive arrangements in-line with the third-party recommendations.

Sustainability Committee
The Sustainability Committee is chaired by Shawn McCormick, and its members are George Bennett and Alexander Lowrie.

The Sustainability Committee is responsible for developing and reviewing the Group's framework, policies and guidelines around sustainability-related business practices and performance, including the responsible management of its environmental and social impacts, and for overseeing the implementation of the Group's Sustainability Strategy, thereby helping to promote the long-term success and viability of the business. It is expected to meet at least once a year.

The Sustainability Committee met once during FY 2025 to review the Company's progress against its ESG strategy. A presentation was also given to committee members which set out the business context and drivers behind securing a renewable energy power source for the Phalaborwa project in South Africa. The presentation explored the opportunity to wheel power off the grid, which should also create greater stability in the energy pricing environment. Such an arrangement is expected to have a positive impact on Phalaborwa's cost and carbon emissions profile.

Share Dealing Policy
The Company has a share dealing policy requiring all Directors and Senior Executives to obtain prior written clearance from either the Chairman or the Chief Executive Officer to deal in linked shares. The Chairman requires prior written clearance from the Chair of the Audit Committee. Close periods (as defined in the share dealing policy) are observed as required by market abuse regulations and other rules that apply to the Company by virtue of the market on which its shares are listed. During these periods, the Company's Directors, Executives and inside employees are not permitted to deal in the Company's securities. Additional close periods are enforced when the Company or its applicable employees are in possession of inside information.

Anti-Bribery Policy
The Company has adopted an Anti-Bribery Policy and procedures (including whistleblowing), which apply to the Group, its officers and staff anywhere in the world. The policy and procedures have been developed following an assessment of the risks applicable to the Group's business and include clear definitions as well as a process for reporting suspicious conduct, financial limits on gifts and hospitality, procedures for financial record-keeping and for dealing with contracts with third parties, and a prohibition on charitable or political donations without Board approval. Guidance and expectations around conflicts of interest are included in the Group's Code of Conduct. All personnel are required to receive guidance and training in relation to the group's anti-bribery policy and procedures.

CFO Pete Gardner acts as the Group's Anti-Bribery Officer. The Anti-Bribery Officer oversees the day-to-day operation of the Anti-Bribery Policy and procedures. The Board also regularly reviews the operation of the Anti-Bribery Policy and procedures. The Anti-Bribery Officer also undertakes due diligence on third parties as appropriate that are to be engaged by the Group to do business on its behalf. The Group requires third parties to take account of the Anti-Bribery Policy and to act in accordance with its provisions.

The Company's Anti-Bribery Policy, along with its Code of Conduct and Ethics, Supplier Code of Conduct, Sustainability Policy, Whistleblowing Procedure and its Share Dealing Code, can be found on the Company's website at https://www.rainbowrareearths.com/about/corporate-governance/company-policies/.

Signed on behalf of the Board of Directors on 24 October 2025.

GEORGE BENNETT
CHIEF EXECUTIVE OFFICER

THE DIRECTORS REGULARLY ASSESS AND DISCUSS THE PRINCIPAL RISKS FACING THE GROUP

PRINCIPAL RISKS AND UNCERTAINTIES

The Directors regularly assess and discuss the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity.

The key risks affecting the Company are set out below:

Risk	Comment	Business impact	Mitigation
Project definition	At Phalaborwa, the updated Interim Study was published in December 2024 further to changes to the primary flowsheet to recover REE from the phosphogypsum stacks. The result was an economic outcome similar to the original PEA published in October 2022, with low capital and operating costs driving strong returns at forecast rare earth prices. As a result of the Interim Study, further opportunities for optimisation of operating and capital costs were identified, which are being investigated via a series of ongoing trade-off studies. Test work is ongoing to maximise rare earth recovery and impurity rejection via continuous ion exchange and impurity precipitation to deliver a high grade MREP. An evaluation has commenced to define the optimal route to separation of the MREP comparing well-known SX technology with the CIC process envisaged in the Interim Study. 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. Staged development focused on initial MREP production should deliver a faster development timeline with a lower upfront capital requirement at the cost of a loss of margin from separation, with a lower price expected for MREP compared to separated rare earth products. The use of proven SX technology for separation should minimise technical risk compared to the CIC process envisaged in the Interim Study, potentially allowing for a faster development timeline. Capital and operating costs for this separation method have not been defined for Phalaborwa and could exceed the amounts included in the Interim Study for CIC separation. As a result of the ongoing test work, other changes may be required to the proposed processing flowsheet which could have a detrimental impact on the economics of the project set out in the Interim Study. A DFS is expected to be completed in 2026, the timing of which will be dependent on the outcome of the trade-off studies and separation evaluation work underway. The DFS is expected to provide sufficient confidence for project development, including financing, but may not deliver results in line with the Interim Study.	High	The Company's technical team has designed and commissioned numerous commercial plants in Africa, including completion of feasibility studies for rare earth projects. They are familiar with alternative technical options that may need to be deployed if the original strategies are not successful. The results of the test work programmes to date have confirmed that the REE are capable of being extracted from the phosphogypsum and upgraded to produce a high grade saleable MREP with low capital and operating costs. Further changes to the proposed processing flowsheet are being investigated that are expected to result in a proposed process flowsheet requiring lower energy and fewer operating steps than set out in the Interim Study.

PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

Risk	Comment	Business impact	Mitigation
Permitting	New and updated permits and licences will be required to develop the Phalaborwa project including, but not limited to, a water use licence, waste management licence and air emissions licence.	High	Rainbow is working with specialist consultants to compile the technical reports required for the permitting process and is aiming to make the relevant applications in parallel with work on the DFS. Whilst the timeframe for the issuance of permits is difficult to predict, the reprocessing of the gypsum stacks will clean up legacy environmental issues at the site caused by the previous chemical processing activities conducted by both Sasol and Bosveld. This will include treating the acid water currently associated with the unlined gypsum stacks and re-stacking the processed gypsum on new lined stacks designed in accordance with the Equator Principles. Accordingly, the Company is confident that the relevant permits will be issued to allow the project to proceed.
Financing	The Company's ability to continue to develop the Phalaborwa project and other new business opportunities will rely upon its continued ability to access financing, both at the corporate and project level. The financing of Phalaborwa will be dependent on the outcome of the DFS, which will be impacted by a number of factors beyond the Company's control including but not limited to commodity prices, the outcome of processing test work, the issue of relevant permits, the ability to resolve site access and environmental matters set out separately below.	High	The strong economic returns set out in the Interim Study for Phalaborwa are expected to ensure funding is available to deliver the DFS. It is expected that the DFS will deliver strong economic returns in-line with the Interim Study to deliver the longer-term financing for development of the Project. Management maintains strong relationships with key sources of finance. Rainbow has a history of securing funding required for the company's growth plans, including support from its cornerstone investors. This includes an option held by TechMet to invest US$50 million in equity for the development of Phalaborwa. Accordingly, management expects to be able to secure additional funding as required.
Rare earth prices	Rainbow is focused on 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 REE NdPr, Dy and Tb. Rare earth spot prices are currently below the level used as the base case for the Phalaborwa Interim Study. Whilst analysts are predicting strong growth in demand for rare earths, prices have been volatile in the past and price increases may not occur as predicted. If the underlying rare earth basket price of the Group's development projects remains at current levels or falls, this would reduce potential project revenue and impact either the ability of Rainbow to attract finance, or the long-term profitability of the project.	High	The Phalaborwa Interim Study confirmed a low-cost operation due to the nature of the rare earth mineral resource contained in a chemical form in two gypsum stacks, which will not require many of the processes associated with a primary mineral ore body for the extraction of rare earths. This allows Phalaborwa to be resilient against rare earth pricing volatility as the project is expected to generate strong returns even in a lower rare earth price environment. The Company aims to negotiate off-take arrangements to ensure a commercial development is viable in the interests of all stakeholders. Recent off-take announcements from other western rare earth operating and development businesses have suggested that floor pricing above Chinese benchmark pricing for rare earth products may be attainable, which could provide enhanced revenue to support the development of Phalaborwa.

Risk	Comment	Business impact	Mitigation
Site access	The proposed site layout for Phalaborwa incorporates an area of land within the fenced area of the Bosveld industrial complex for which the surface rights are owned by the South Africa Department of Public Works and Infrastructure. A failure to obtain permission for use of this land will require the proposed site layout to be amended, which could impact both the timing and cost of the proposed Phalaborwa development.	**Medium**	Bosveld has received permission from the South African authorities to commence work on the relevant area of land for the purposes of applying for environmental permits, subject to an open and transparent bid process for a lease. Given the location and nature of the land in question it is not expected that alternative parties would be interested in obtaining a lease over this land. Bosveld has an obligation under the co-development agreement to transfer the rights to a suitable area of land for the project to the Phalaborwa operating company. Bosveld has surface rights over alternative areas of land in the area that could be used for the Project if required.
Environmental	The gypsum stacks that comprise the resource for the Phalaborwa project represent an environmental disturbance that requires remediation representing an environmental liability as described in the Phalaborwa PEA. On transfer of the gypsum stacks to the Phalaborwa operating company, the liability associated with the remediation of historic disturbance will not transfer to the Group. Under South African law the responsibility for a pre-existing decommissioning liability remains with the historic owners of the site on transfer to a new owner. In addition, Bosveld have provided Rainbow with a contractual indemnity against pre-existing environmental liabilities associated with the site. However, on transfer the Group will take on responsibility for the day-to-day management of the stacks, including the associated polluted water. Failure to manage the stacks in a responsible manner to prevent further pollution to the surrounding area could result in the Group being liable for any resulting liabilities.	**Medium**	Development of the project will result in the gypsum stacks being re-processed, which is expected to reduce the liability relating to the current status of the site. The Group has engaged WSP to compile a baseline environmental assessment of the pre-existing liability associated with the site against which future changes can be measured. Prior to the transfer of the stacks the Group will use suitably qualified personnel and consultants to review Bosveld's current activities to manage the stacks and the associated risks. An operational plan will be put in place from the day of transfer of ownership to ensure that the stacks are properly managed.

Risk	Comment	Business impact	Mitigation
Co-development	The Company's assets include projects that will be conducted in joint arrangements or with associates, which reduces the Company's ability to control and manage risk and places reliance on partners not controlled by the Group. At Phalaborwa, Bosveld has a 15% interest in the project and, as current owner of the site, their assistance is required to ensure the assets necessary for the project development are transferred at the necessary time into the joint venture vehicle. Rainbow has the option to acquire the 15% minority interest from Bosveld by issuing 38,873,663 new ordinary shares at any time up to 30 June 2026, and Bosveld has a right to sell its 15% stake under the same terms subject to the transfer of the assets for the project having been completed. In the event that the Group has not finalised all issues relating to the transfer of the assets prior to 30 June 2026, including the site access risk noted above, Rainbow may need to negotiate an extension to this long-stop date. The Group's development pipeline, including but not limited to the Uberaba property in Brazil, are at a much earlier stage of development. The legal framework for the development of a commercial operation for these opportunities has not been fully defined, and terms may not be agreed with the owners of these assets to allow a development to occur.	**Medium**	The option to acquire Bosveld's 15% stake in Phalaborwa will enable the Group to fully control that project and creates a strong incentive for Bosveld to ensure it takes the necessary steps to allow the project to be developed. An extension to the previously agreed long stop date for the transfer of assets from 31 December 2025 to 30 June 2026 was agreed with Bosveld during FY 2025. It expected that any further extension to the long-stop date for the option can be agreed in the event of further delays to the transfer of the assets. For the earlier stage projects, Rainbow's rare earths processing expertise and ownership, directly or under licence in the relevant territories, of the IP rights to develop an economic processing flowsheet similar to Phalaborwa is expected to ensure that suitable commercial terms can be agreed for the long-term development of these assets.
Political risk in Burundi	On 12 April 2021, the Government of Burundi suspended the export of concentrate produced at Gakara. This was followed on 29 June 2021 with a suspension of all trial mining and exploration activity. All operations remain on care and maintenance. Management assesses that the actions of the Government of Burundi, which have not been in accordance with the legally binding mining convention in place, create a situation where the re-start of operations in the near term cannot be reasonably assumed.	**Low**	Due to the re-focus of Rainbow's business on the Phalaborwa asset and growth opportunities from the associated processing technology, with the exception of cash and VAT recoverable the assets of the Gakara cash generating unit have been impaired to nil. The VAT recoverable is not considered to be impaired as it is directly related to a recognised liability for VAT payable and, whilst there is no legal right to net settlement, it is expected that the liability will only be settled in a negotiated off-set against the recoverable asset. Management continues to investigate opportunities to monetise the Gakara asset. Costs relating to the Gakara asset have been minimised and do not represent a significant element of the Group budget.

DIRECTORS' REPORT

The Directors present their Annual Report and the Financial Statements of the Group for the year ended 30 June 2025.

General
Rainbow Rare Earths Limited, the parent company of the Group, was established in Guernsey on 5 August 2011. On 30 January 2017, its shares were listed on the standard segment of the Main Market of the London Stock Exchange. As a result of changes to the UK listing regime effective 29 July 2024, the shares have been transferred to the Equity shares (transition) category.

Principal activity
The Company's principal activity is the development of a rare earth minerals project in South Africa and the opportunity to utilise the associated processing technology at other global rare earth opportunities including but not limited to the Uberaba opportunity in Brazil.

Business model
The basis on which the Company seeks to preserve and generate value is through pioneering the recovery of magnet REE from phosphogypsum, a waste by-product from phosphoric acid production, which means that many of the costs, risks and long timescales associated with traditional hard rock mining projects are eliminated. Once operational, the net cash generated from the Group's projects will be used to service the Company's financing, re-invested in further rare earth project development opportunities, or (where appropriate) repaid to investors in the form of dividends.

In the short term, this strategy is focused on the Phalaborwa rare earths project in South Africa, where a mineral resource has been defined contained within gypsum stacks derived from historic phosphoric acid production. The updated Interim Study published in December 2024, supported by subsequent test work, have confirmed that Phalaborwa represents an economically attractive potential source of REO.

Longer term, the Company expects that the technology to recover critical REE from phosphogypsum will provide opportunities to develop a long-term, scalable and sustainable business. To this end, the Company is currently evaluating strategic partnership opportunities in Saudi Arabia, Morocco and Canada along with an MOU signed with Mosaic for the Uberaba project in Brazil.

Directors' remuneration

	Salary/fees (US$'000)		Bonus (US$'000)		Total (US$'000)	
	June 2025	June 2024	**June 2025**	June 2024	**June 2025**	June 2024
Executive Director						
George Bennett	**365**	355	**-**	226	**365**	581
Non-Executive Chairman						
Adonis Pouroulis	**156**	151	**-**	-	**156**	151
Non-Executive Directors						
Alexander Lowrie	**55**	53	**-**	-	**55**	53
Shawn McCormick	**54**	53	**-**	-	**54**	53
Atul Bali	**55**	53	**-**	-	**55**	53
J. Peter Pham	**48**	47	**-**	-	**48**	47
Darryll Castle	**49**	47	**-**	-	**49**	47
Total	**782**	759	**-**	226	**782**	985

Business review
A review of the business during the Year is included in the Chairman's Statement, the CEO's Statement, and in the Operating and Financial Reviews. The Group's business and operations and the results thereof are reflected in the attached Financial Statements.

Business risks
A review of the key risks to the Company is set out on pages 44 to 47.

Advisers
The Company's advisers are set out on the inside back cover.

Financial results
During the year ended 30 June 2025, the Company reported a net loss of US$3,269k (30 June 2024: net loss of US$4,262k).

No dividends have been declared in respect of the years ending 30 June 2025 or 2024.

Directors
A list of the Directors of the Company is set out on pages 36 to 37.

No Director shall be requested to vacate office at any time because of any specific age attained. The Board considers that there is a balance of skills within the Board and that each of the Directors contributes effectively.

Directors' responsibility statement
The Directors are responsible for preparing the Directors' Report and Financial Statements in accordance with applicable laws and regulations. The Companies (Guernsey) Law, 2008, requires the Directors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year. Under that law, the Directors have elected to prepare the Financial Statements in accordance with International Financial Reporting Standards as adopted by the EU and applicable law.

In preparing those financial statements the Directors are required to:
- Select suitable accounting policies and then apply them consistently.
- Make judgments and estimates that are reasonable and prudent.
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

In accordance with Chapter 4 of the Disclosure and Transparency Rules issued by the Financial Conduct Authority in the United Kingdom, the Directors confirm to the best of their knowledge:
- The Group's Financial Statements, prepared in accordance with IFRS as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit and loss of the Group.
- The Annual Report includes a fair review of the development and performance of the business and the financial position of the Group, together with a description of the principal risks and uncertainties that it faces.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and to enable them to ensure that the financial statements have been properly prepared in accordance with the Companies (Guernsey) Law, 2008 and applicable accounting standards. They are also responsible for the system of internal control and for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Directors confirm that they have complied with the above requirements in preparing the financial statements.

So far as each of the Directors are aware, there is no relevant audit information of which the Group's auditor is unaware; having taken all the steps the Directors ought to have taken to make themselves aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

Principal shareholders
A list of shareholders who beneficially hold more than 5% of the company's shares at 30 June 2025 is as follows:

Key Shareholders	Number	Percent
Adonis Pouroulis	89,466,830	13.9
TechMet	75,206,112	11.7
George Bennett	40,503,150	6.3
Caden Holdings	36,967,805	5.7

Interests of Directors and Senior Managers
The interests (all of which are beneficial and include related parties) of the Directors and Senior Managers in the Company's issued share capital at 30 June 2025 are as follows:

Key Shareholders	Number	Percent
Adonis Pouroulis	89,466,830	13.9
George Bennett	40,503,150	6.3
Alexander Lowrie	6,838,124	1.1
Shawn McCormick	9,483,237	1.5
Atul Bali	4,504,325	0.7
J. Peter Pham	714,833	0.1
Darryll Castle	821,422	0.1
Pete Gardner	1,516,405	0.2
Dave Dodd	1,500,000	0.2

Website publication
The Directors are responsible for ensuring that the Annual Report and the Financial Statements are made available on a website. Financial statements are published on the Company's website (www.rainbowrareearths.com) in accordance with applicable legislation in Guernsey governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Going concern
The Directors have reviewed the Group's cash flow forecasts for at least 12 months following the reporting date, together with appropriate sensitivities and mitigating actions. A full analysis of the Directors' analysis of the going concern status of the Group is set out in note 2 to the Financial Statements.

After considering available cash, loan facilities expected to remain available, forecast cash flows and anticipated fundraising activities, the Directors confirm 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. 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 material uncertainty which may cast significant doubt on the ability of the Group to continue as a going concern. Nevertheless, the Directors continue to adopt the going concern basis in preparing the consolidated financial statements.

Auditor
BDO LLP has expressed its willingness to continue in office as auditors and a resolution to re-appoint BDO LLP will be proposed at the forthcoming AGM.

Signed on behalf of the Board of Directors on 24 October 2025.

GEORGE BENNETT
CHIEF EXECUTIVE OFFICER

RARE EARTH ELEMENTS ARE ESSENTIAL COMPONENTS OF MANY OF THE DEVICES WE RELY ON DAILY

FINANCIAL STATEMENTS

Rare earths are used in many of the latest high tech applications, including aircraft guidance and control systems

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF RAINBOW RARE EARTHS LIMITED

Opinion on the financial statements
In our opinion:
- the financial statements give a true and fair view of the state of the Group's affairs as at 30 June 2025 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with IFRS as adopted by the European Union; and
- the financial statements have been properly prepared in accordance with the requirements of the Companies (Guernsey) Law, 2008.

We have audited the financial statements of Rainbow Rare Earths Limited ("the Group") for the year ended 30 June 2025 which comprises the Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Changes in Equity, Consolidated Cash Flow Statement and notes to the financial statements, including material accounting policy information. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit opinion is consistent with the additional report to the Audit Committee.

Independence
Following the recommendation of the Audit Committee, we were appointed by the Audit Committee on the 3rd of October 2016 to audit the financial statements for the year ended 30 June 2016 and subsequent financial periods. The period of total uninterrupted engagement including retenders and reappointments is ten years, covering the years ended 30 June 2016 to 30 June 2025. We remain independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services prohibited by that standard were not provided to the Group.

Material uncertainty related to going concern
We draw attention to Note 2 in the financial statements, which indicates that the Group is reliant on securing additional funding which is not guaranteed. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt over the Group's ability to continue as a going concern. The financial statements do not include any adjustments that would result if the Group were unable to continue as a going concern. Our opinion is not modified in respect of this matter.

Given the material uncertainty noted above and our risk assessment we considered going concern to be a key audit matter.

Our evaluation of the Directors' assessment of the Group's ability to continue to adopt the going concern basis of accounting and in response to the key audit matter included:
- Critically assessed the Director's cash flow forecast and the underlying assumptions which have been approved by the Directors. This included stress testing and applying sensitivities to the base cashflow forecast. We tested the integrity of the model, comparing forecast costs to historical actuals, evaluating the consistency of the forecast capital and exploration expenditure within the Group's strategic plans, and considered the reasonableness of the sensitivities applied and outcome of the stress testing;
- Checked cash balances used in the forecast close to the date of signing these financial statements, by agreeing cash positions to bank statements;
- Assessed the reasonableness of the cash outflows for the corporate overhead, which included some contingency and considered the completeness of the costs included in the forecast;
- Assessed the level of cash outflows assumed for the Gakara mine, which was assumed to remain on care and maintenance for the entire forecast period. This involved comparing forecast cash outflows to prior year actuals and considering the completeness of the costs included in the forecast;
- Assessed the reasonableness of the assumptions in the model regarding the cost and timing of completing the Phalaborwa Definitive Feasibility Study;
- Considered the ability of the group to secure additional funds in the future based on its history of fundraising;
- Inspected Board minutes and project reports for any indications of unexpected costs, claims or disputes; and
- Assessed the reasonability of the disclosures relating to going concern and considered them in line with the applicable standards.

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF RAINBOW RARE EARTHS LIMITED CONTINUED

Overview

Key audit matters		2025	2024
	1. Material uncertainty relating to going concern	✓	✓
	2. Carrying value of the Exploration and Evaluation Assets	✓	✓
	3. Valuation of the Ecora Royalty	✓	
Materiality	**Group financial statements as a whole** $336k (2024: $240k) based on 1.5% (2024: 1.5%) of total assets.		

An overview of the scope of our audit
Our Group audit was scoped by obtaining an understanding of the Group and its environment, the applicable financial reporting framework and the Group's system of internal control. On the basis of this, we identified and assessed the risks of material misstatement of the Group financial statements including with respect to the consolidation process. We then applied professional judgement to focus our audit procedures on the areas that posed the greatest risks to the group financial statements. We continually assessed risks throughout our audit, revising the risks where necessary, with the aim of reducing the group risk of material misstatement to an acceptable level, in order to provide a basis for our opinion.

Component in scope
The Group's assets and operations are located in the United Kingdom with its primarily operations located in South Africa. Financial reporting is undertaken at the head office in Johanesburg, South Africa. The Group consist of four operational entities, however, we have identified one component being the Rainbow Rare Earths Limited Group. In determining the component, we have considered how the legal entities are organised within the Group, the commonality of control environments, and the level of aggregation risk associated within individual entities.

This differs to the group reporting strategy taken in the prior year where there were four significant components identified that were each subject to full scope audits, and one non-significant component, that was dormant, that was subject to analytical review procedures.

For the component in scope, we used a combination of risk assessment procedures and further audit procedures to obtain sufficient appropriate evidence. These further audit procedures included substantive procedures on the entire financial information of the component.

Procedures performed centrally
The Group engagement team has performed all procedures directly, and has not involved component auditors in the Group audit.

Climate change
Our work on the assessment of potential impacts on climate-related risks on the Group's operations and financial statements included:
- Enquiries and challenge of management to understand the actions they have taken to identify climate-related risks and their potential impacts on the financial statements and adequately disclose climate-related risks within the annual report;
- Performing our own qualitative risk assessment taking into consideration the sector in which the Group operates and how climate change affects this particular sector; and
- Inspection of the minutes of Board and Audit Committee meeting and other papers related to climate change and performed a risk assessment as to how the impact of the Group's commitment as set out in Annual Report may affect the financial statements and our audit.

We challenged the extent to which climate-related considerations and potential impacts, where appropriate, have been factored in management's going concern assessment.

We also assessed the consistency of management's disclosures included as "Statutory Other Information" on pages 25 to 31 with the financial statements and with our knowledge obtained from the audit.

Based on our risk assessment procedures, we did not identify there to be any Key Audit Matters materially impacted by climate-related risks and related commitments.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF RAINBOW RARE EARTHS LIMITED CONTINUED

An overview of the scope of our audit continued

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the Material uncertainty related to going concern section of our report, we have determined the matters below to be the key audit matters to be communicated in our report.

Key audit matter: Impairment assessment of the Exploration and Evaluation Assets (Phalaborwa asset)
Refer to Note 3 and 12

The Group holds one exploration and evaluation asset which is the Phalaborwa asset in South Africa.

The accounting standards require Management to carry out an impairment assessment annually to identify any indicators of impairment. This assessment relies on Management's interpretation of the on-going test work undertaken during the year which confirmed that rare earth elements are capable of being extracted from the phosphogypsum and upgraded to produce a saleable rare earth product. As test works are still on-going there is still a significant amount of judgement in assessing the impairment indicators of the Phalaborwa asset.

Therefore, we considered this to be a significant risk and a key audit matter.

How the scope of our audit addressed the key audit matter

- We examined and assessed Management's assessment in accordance with the requirements of IFRS 6.
- We challenged Management's assessment of the indicators of impairment for the Phalaborwa mine in South Africa by performing the following procedures:
  - We verified that the Group has the right to explore the specific area by inspecting the Group's earn in agreement with Bosveld Phosphates (Pty) Limited who holds the rights to the land.
  - We examined Management's plans and budgets to establish whether the Group is committed to the development of the project and checked that expenditure on further exploration and evaluation of mineral resources in the area is budgeted and planned for.
  - Through inspection of the Group's plans to obtain additional funding we confirmed the Group intends to raise sufficient cash resources to execute the forecasted development plan. In addition, we confirmed the consistency of the development plan against the Group's going concern forecast.
  - We examined Management's assessment which confirms that there are no present indicators that the exploration for and evaluation of mineral resources has not led to the discovery of commercially viable quantities of mineral resource.
  - We examined technical and economic studies (internal and external), Regulatory News Service ("RNS") announcements, minutes from the meetings of Directors and news articles to assess whether there was any data which suggested the carrying amount of the asset is unlikely to be recovered, and noted no potential impairment indicators.

Key observations:

Based on procedures performed, we consider the judgements made in the impairment indicators assessment of Exploration and Evaluation Assets prepared by Management to be reasonable.

Key audit matter: Valuation of the Ecora Royalty
Refer to Note 3 and 19

During the financial year, the Group entered into a US$8.5m royalty agreement with Ecora Resources plc, linked to future rare earth sales from the Phalaborwa project.

The royalty financing liability is recognised at fair value through profit and loss calculated as the present value of the expected future royalty payments using a discount rate that reflects current market conditions and the risk profile of the liability.

Management prepared a valuation that included estimating future production forecasts, rare earth prices, and determining discount rates. These factors are influenced by market conditions and the performance of the underlying asset.

The valuation model includes significant estimates made by Management and therefore, we considered this to be a significant risk and a key audit matter.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF RAINBOW RARE EARTHS LIMITED CONTINUED

How the scope of our audit addressed the key audit matter

- We examined the terms of the royalty agreement to assess the appropriateness of managements accounting treatment and the assumptions relevant to its valuation.
- We assessed the valuation model prepared by management. This included testing the model's integrity, checking that the model's methodology was in agreement with the royalty agreement and that it is in line with fair value measurement in accordance with IFRS 9.
- We critically assessed management's key assumptions at initial and year-end measurement dates as follows:

Initial measurement date:

- We have agreed the volume and throughput used in the valuation model to the Preliminary Economic Assessment dated 2022 and assessed management's external expert that prepared this report as being competent, objective and independent.
- We have agreed the date of commencement of production to the prior year signed financial statements and checked that the relevant royalty rate was applied as per the agreement.
- We have agreed the forecasted basket price of rare earth minerals to the prior year Report prepared by management's external expert and assessed management's expert that prepared the report as being competent, objective and independent. We have performed our own research on forecasted rare earth prices to identify any contradictory indicators on pricing.
- We engaged an auditor valuation expert to assess the appropriateness of the inputs used to determine the discount rate.

Year end measurement date:

- We have agreed the volume used in the valuation model to the latest published Mineral Resource Report and assessed management's external expert that prepared this report as being competent, objective and independent.
- We have agreed the project's throughput to the Interim Feasibility study that was prepared by internal experts and assessed management's expert as being competent and objective.
- We have agreed the date of commencement of production to the latest board minutes and checked that the relevant royalty rate was applied as per the agreement.
- We have agreed the forecasted basket price of rare earth minerals to the latest Report prepared by management's external expert and assessed management's expert that prepared the report as being competent, objective and independent. We have performed our own research on forecasted rare earth prices to identify any contradictory indicators on pricing.
- We engaged an auditor valuation expert to assess the appropriateness of the inputs used to determine the discount rate.
- We performed sensitivity analyses to understand how changes in key assumptions would impact the valuation.
- We inspected RNS announcements, minutes from the meetings of Directors and news articles to ensure there was no contradictory evidence.

Key observations:

Based on procedures performed, we consider the estimates used in the valuation of the royalty prepared by Management to be reasonable.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	Group financial statements	
	2025 US$'000	2024 US$'000
Materiality	**336,000**	240,000
Basis for determining materiality	**1.5% of total assets**	1.5% of total assets
Rationale for the benchmark applied	Total Assets was determined as an appropriate basis as the principal focus of the Group remains the advancement and development of its projects. As such, we consider the users of the financial statements will focus on the statement of financial position and total assets of the Group in order to understand the level of investment being made.	
Performance materiality	**235,000**	168,000
Basis for determining performance materiality	Performance materiality was set at 70% (2024: 70%) of the materiality level based on our assessment of a number of factors including the expected total value of known and likely misstatements (based on past experience), our knowledge of internal control and management's attitude towards proposed adjustments.	

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF RAINBOW RARE EARTHS LIMITED
CONTINUED

Our application of materiality continued
Component performance materiality
As we determined that there was one component in 2025, for the purposes of our Group audit opinion, we set performance materiality for the component of the Group, based on a percentage of 95% of Group performance materiality. This was determined having considered factors including potential significant risks, aggregation of the risks across the component, the homogenous control environment and our assessment of the risk of material misstatement of the component. Component performance materiality amounts to US$ 224,000 (2024: US$115,000).

Reporting threshold
We agreed with the Audit Committee that we would report to them all individual audit differences in excess of US$ 7,000 (2024: US$4,800). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information
The directors are responsible for the other information. The other information comprises the information included in the document entitled Annual Report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other Companies (Guernsey) Law, 2008 reporting
We have nothing to report in respect of the following matters where the Companies (Guernsey) Law, 2008 requires us to report to you if, in our opinion:
- proper accounting records have not been kept by the Company; or
- the financial statements are not in agreement with the accounting records; or
- we have failed to obtain all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

Responsibilities of Directors
As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was capable of detecting irregularities, including fraud
Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Non-compliance with laws and regulations
Based on:
- Our understanding of the Group and the industry in which it operates;
- Discussion with management and those charged with governance and also consider legal counsel; and
- Obtaining an understanding of the Group's policies and procedures regarding compliance with laws and regulations.

We considered the significant laws and regulations to be the applicable accounting framework, Companies (Guernsey) Law 2008, Tax regulations and the Listing Rules of the Financial Conduct Authority.

The Group is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be Task Force on Climate-Related Financial Disclosures (TCFD), local health and safety law, the mining permits and export ban of Burundi and the Prevention of Corruption (Bailiwick of Guernsey) Law, 2003.

Our procedures in respect of the above included:
- Inspection of minutes of meetings of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of correspondence with regulatory and tax authorities for any instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreeing to supporting documentation; and
- Review of legal expenditure accounts to understand the nature of expenditure incurred.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF RAINBOW RARE EARTHS LIMITED
CONTINUED

Auditor's responsibilities for the audit of the financial statements continued
Fraud
We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:
- Enquiry with management and those charged with governance regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Group's policies and procedures relating to:
  - Detecting and responding to the risks of fraud; and
  - Internal controls established to mitigate risks related to fraud.
- Inspection of minutes of meetings of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements; and
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.

Based on our risk assessment, we considered the areas most susceptible to fraud to be management override of controls and areas of estimation due to the level of subjectivity involved with them.

Our procedures in respect of the above included:
- Testing a sample of journal entries throughout the year, which met defined risk criteria, by agreeing to supporting documentation;
- Making enquiries of management as to whether there was any correspondence with regulators and the Government, in so far as the correspondence related to the financial statements and reviewed this correspondence.
- Testing the Group's year end unadjusted entries, consolidated entries and investigating any that appear unusual as to nature or amount by agreeing to supporting documentation; and
- Assessing significant estimates made by management for bias.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report
This report is made solely to the Company's members, as a body, in accordance with Section 262 of the Companies (Guernsey) Law, 2008. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

PETER ACLOQUE
FOR AND ON BEHALF OF BDO LLP, CHARTERED ACCOUNTANTS,
LONDON, UNITED KINGDOM

24 October 2025

BDO LLP is a limited liability partnership registered in England and Wales
(with registered number OC305127).

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2025

	Notes	**Year ended 30 June 2025 US$'000**	Year ended 30 June 2024 US$'000
Administration expenses		**(3,827)**	(3,567)
Research costs		**(260)**	-
Impairment of Gakara assets	14	**-**	(717)
Loss from operating activities	4	**(4,087)**	(4,284)
Finance income	6	**168**	141
Finance costs	7	**(451)**	(119)
Change in fair value of royalty financing liability	19	**1,216**	-
Loss before tax		**(3,154)**	(4,262)
Income tax expense	10	**-**	-
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	25	**(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	11	**(0.49)**	(0.67)
Diluted	11	**(0.49)**	(0.67)

Notes on pages 62 to 84 form part of these financial statements.

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	12	**17,363**	15,716
Property, plant and equipment	13	**460**	21
Right of use assets	20	**251**	84
Total non-current assets		**18,074**	15,821
Current assets			
Inventory	14	**1**	1
Trade and other receivables	15	**403**	374
Cash and cash equivalents	16	**3,933**	79
Total current assets		**4,337**	454
Total assets		**22,411**	16,275
Current liabilities			
Trade and other payables	17	**(1,203)**	(1,850)
Borrowings	18	**(340)**	(245)
Lease liabilities	20	**(89)**	(48)
Total current liabilities		**(1,632)**	(2,143)
Non-current liabilities			
Borrowings	18	**(85)**	(192)
Royalty finance liability	19	**(7,284)**	-
Lease liabilities	20	**(173)**	(44)
Provisions	21	**(55)**	(55)
Total non-current liabilities		**(7,597)**	(291)
Total liabilities		**(9,229)**	(2,434)
Net assets		**13,182**	13,841
Equity			
Share capital	22	**58,150**	56,362
Share-based payment reserve	23	**2,217**	1,839
Retained loss		**(47,065)**	(42,351)
Equity attributable to the parent		**13,302**	15,850
Non-controlling interest	25	**(120)**	(2,009)
Total equity		**13,182**	13,841

These financial statements were approved and authorised for issue by the Board of Directors on 24 October 2025 and signed on its behalf by:

GEORGE BENNETT
DIRECTOR

Notes on pages 62 to 84 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2025

	Notes	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	22	5,501	-	-	5,501	-	5,501
Share issue costs	22	(76)	-	-	(76)	-	(76)
Fair value of employee share incentives in year	23	-	427	-	427	-	427
Share incentives cancelled in the year	23	-	(106)	106	-	-	-
Share incentives issued in the year, net of costs	23	-	(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	22	1,500	-	-	1,500	-	1,500
Shares issued during the year: non-cash consideration	22	341	-	-	341		341
Share issue costs	22	(53)	-	-	(53)	-	(53)
Fair value of employee share incentives in year	23	-	707	-	707	-	707
Share incentives cancelled in the year	23		(293)	293	-	-	-
Share incentives issued in the year, net of costs	23	-	(36)	36	-	-	-
Impact of recapitalisation of subsidiary	25	-	-	(1,907)	(1,907)	1,907	-
Balance at 30 June 2025		**58,150**	**2,217**	**(47,065)**	**13,302**	**(120)**	**13,182**

Notes on pages 62 to 84 form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2025

	Notes	Year ended 30 June 2025 US$'000	Year ended 30 June 2024 US$'000
Cash flow from operating activities			
Loss from operating activities		**(4,087)**	(4,284)
Adjustments for non-cash transactions:			
Depreciation		**139**	52
Impairment	14	**-**	717
Share-based payment charge	23	**707**	427
Operating loss before working capital changes		**(3,241)**	(3,088)
Net increase in trade and other receivables	15	**(31)**	(45)
Net increase in trade and other payables	17	**138**	372
Cash used by operations		**(3,134)**	(2,761)
Realised foreign exchange gains		**117**	123
Net cash used in operating activities		**(3,017)**	(2,638)
Cash flow from investing activities			
Purchase of property, plant & equipment	13	**(505)**	-
Exploration and evaluation costs	12	**(2,124)**	(10,637)
Net cash used in investing activities		**(2,629)**	(10,637)
Cash flow from financing activities			
Proceeds from royalty financing	19	**8,500**	-
Costs of royalty financing	7	**(360)**	-
Repayment of borrowings	18	**(42)**	(77)
Interest payments on borrowings	18	**(20)**	(49)
Interest received	6	**40**	5
Payment of leases	20	**(70)**	(53)
Proceeds from the issuance of ordinary shares	22	**1,500**	5,501
Transaction costs of issuing new equity	22	**(53)**	(76)
Net cash generated by financing activities		**9,495**	5,251
Net increase in cash and cash equivalents		**3,849**	(8,024)
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	16	**3,933**	79

Notes on pages 62 to 84 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2025

1. GENERAL INFORMATION

Reporting entity
Rainbow Rare Earths Limited (the "Company") is a company domiciled in Guernsey and incorporated on 5 August 2011, with company registration number 53831, and is a company limited by shares. The Company's registered office is Connaught House, St Julian's Avenue, St Peter Port, Guernsey, GY1 1GZ. The consolidated financial statements of the Company for the years ended 30 June 2025 and 30 June 2024 comprise the Company and its subsidiaries.

2. MATERIAL ACCOUNTING POLICIES

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 in line with the requirements set out in the UK Listing Rules to the extent relevant for a Group without producing assets.

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 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2025
CONTINUED

2. MATERIAL ACCOUNTING POLICIES CONTINUED

Going Concern continued
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.

New and amended standards and interpretations adopted by the Group
No material changes to accounting policies arose as a result of new standards applied by the Group from 1 July 2024.

New standards, interpretations, and amendments not yet effective
Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2025 reporting periods and have not been early adopted by the Group. These standards include:
- Lack of Exchangeability – Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates. The effective date is 1 January 2025.
- Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures. The effective date is 1 January 2026.
- Annual Improvements to IFRS Accounting Standards – Amendments to:
  - IFRS 1 First-time Adoption of International Financial Reporting Standards;
  - IFRS 7 Financial Instruments: Disclosures and its accompanying Guidance on implementing IFRS 7;
  - IFRS 9 Financial Instruments;
  - IFRS 10 Consolidated Financial Statements; and
  - IAS 7 Statement of Cash Flows

  The effective date is 1 January 2026.
  - IFRS 18 Presentation and Disclosure in Financial Statements. The effective date is 1 January 2027.
  - IFRS 19 Subsidiaries without Public Accountability: Disclosures. The effective date is 1 January 2027.

Management is currently assessing the impact of IFRS 18 on the Group. The other amendments are not expected to have a material impact on the Group.

Basis of consolidation
Where the Company has control over an investee, it is classified as a subsidiary. The Company controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

The consolidated financial statements present the results of the Company and its subsidiaries as if they formed a single entity. Intercompany transactions and balances between Group companies are therefore eliminated in full.

The results of undertakings acquired or disposed of are consolidated from or to the date when control passes to or from the Group. The results of subsidiaries acquired or disposed of during the year are included in the Consolidated Statement of Comprehensive Income from the date that control commences until the date that control ceases.

Where necessary, adjustments are made to the results of subsidiaries to bring the accounting policies they use into line with those used by the Group.

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity. Non-controlling interests consist of the non-controlling shareholder's share of changes in equity. The non-controlling interests' share of losses, where applicable, are attributed to the non-controlling interests irrespective of whether the non-controlling shareholders have a binding obligation and are able to make an additional investment to cover the losses. On acquisition of a non-controlling interest, the relevant non-controlling interest share of equity is extinguished and the difference between the fair value of consideration paid and the relevant carrying value of the non-controlling interest is recorded in retained earnings.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2025
CONTINUED

2. MATERIAL ACCOUNTING POLICIES CONTINUED

Foreign currency
The consolidated financial statements are presented in US Dollars, which is also the functional currency of the Company and all of its subsidiaries. The Group's strategy is focused on developing an ethical supply chain for rare earth elements from secondary sources, with its principal project based in South Africa and a global pipeline of earlier stage opportunities being developed. All such opportunities will ultimately generate revenue in US Dollars, which is the currency in which rare earth elements are traded internationally. All support services are charged between Group companies in US Dollars. The Group is funded by various financial liabilities, which are principally denominated in US Dollars, and shareholder equity.

Transactions in foreign currencies are translated to the functional currency of the Group entity at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated to the functional currency at the rates prevailing on the reporting date. Exchange differences on all transactions are recognised in the consolidated statement of comprehensive income in the year in which they arise.

Research and development costs
Research and development costs that cannot be clearly identified as relating to a single exploration and evaluation property for which the Group holds legal rights are expensed as incurred.

Rare earth exploration and evaluation assets
All exploration and evaluation costs incurred are accumulated in respect of each identifiable project area. Costs which are classified as intangible fixed assets are only carried forward to the extent that they are expected to be recovered through the successful development of the area or where activities in the area have not yet reached a stage which permits reasonable assessment as to whether the deposit is commercially viable and technically feasible for extraction.

Costs incurred prior to the legal right to a mineral project being obtained are written off immediately. Accumulated cost in relation to an abandoned area are written off in full to the statement of comprehensive income in the year in which the decision to abandon the area is made.

Exploration and evaluation assets associated with an identifiable project area are transferred from intangible fixed assets to tangible fixed assets as "project development costs' when the commercial viability and technical feasibility of extracting the deposit has been established. This includes consideration of a variety of factors such as whether the requisite permits have been awarded, whether funding required for development is sufficiently certain of being secured, whether an appropriate project development plan is established and the results of exploration and evaluation data including internal and external assessments.

Property, plant and equipment and Depreciation
Property, plant and equipment consists of plant and machinery, project development costs, motor vehicles, computer equipment, office furniture and fittings, laboratory equipment and leasehold improvements.

Property, plant and equipment is initially recognised at cost and subsequently stated at cost less accumulated depreciation and any impairment. The cost of acquisition is the purchase price and any directly attributable costs of acquisition or construction required to bring the asset to the location and condition necessary for the asset to be capable of operating in the manner intended by management.

Assets in the course of construction are carried at cost, less any recognised impairment loss. Depreciation of these assets, on the same basis as other assets, commences when the assets are complete and ready for their intended use.

Property, plant and equipment is depreciated on a straight-line basis over the estimated useful life of the asset. Residual values and useful lives are reviewed on an annual basis and changes are accounted for over the remaining lives.

The applicable depreciation rates are as follows:

Description	Useful life
Plant, machinery, and mine infrastructure	5 - 20 years
Vehicles	5 years
Computer equipment	3 years
Office furniture and fittings	7 years
Laboratory equipment	3 – 5 years
Leasehold Improvements	term of lease agreement

Depreciation incurred on equipment used in exploration is capitalised to exploration and evaluation costs.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2025
CONTINUED

2. MATERIAL ACCOUNTING POLICIES CONTINUED

Impairment of non-financial assets including exploration and evaluation assets
Exploration and evaluation assets are reviewed regularly for indicators of impairment following the guidance in IFRS 6 "Exploration for and Evaluation of Mineral Resources' and tested for impairment where such indicators exist. In addition, these assets are tested for impairment prior to transfer to project development costs. In accordance with IFRS 6 the Group considers the following facts and circumstances in their assessment of whether the Group's exploration and evaluation assets may be impaired:

- whether the period for which the Group has the right to explore in a specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
- whether substantive expenditure on further exploration for and evaluation of mineral resources in a specific area is neither budgeted nor planned;
- whether exploration for and evaluation of reserves in a specific area have not led to the discovery of commercially viable quantities of mineable material and the Group has decided to discontinue such activities in the specific area; and
- whether sufficient data exists to indicate that although a development in a specific area is likely to proceed, the carrying amount of the exploration and evaluation assets is unlikely to be recovered in full from successful development or by sale.

If any such facts or circumstances are noted, the Group performs an impairment test in accordance with the provisions of IAS 36. In such circumstances the aggregate carrying value of the exploration and evaluation asset, together with any associated property, plant and equipment held within the relevant cash generating unit, is compared against the expected recoverable amount of the cash generating unit. The recoverable amount is the higher of value in use and the fair value less costs to sell.

Where the carrying amount of an asset or cash generating unit exceeds its recoverable amount, the asset or cash generating unit is considered impaired and is written down to its recoverable amount. Impairment losses are recognised in the Income Statement. Impairment losses recognised for a cash generating unit are recognised against goodwill (if any) and then to identifiable assets on a pro-rata basis.

A previously recognised impairment loss is reversed if the recoverable amount increases as a result of a reversal of the conditions that originally resulted in the impairment. This reversal is recognised in the Income Statement and is limited to the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised in prior years.

Leases
At inception the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset, for a period of time, in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset. This may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Group has the right to direct the use of the asset. The Group has the right when it has the decision-making rights that are most relevant to changing how and for what purposes the asset is used. In rare cases where the decision about how and for what purpose the assets is used is predetermined, the Group has the right to direct the use of the asset if either:
  - the Group has the right to operate the asset; or
  - the Group designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

The right-of-use asset is initially measured at the present value of the remaining lease payments, discounted using the incremental borrowing rate.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. In addition, impairment indictors for the right-of-use asset are assessed annually and will be adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the remaining lease payments, discounted using the incremental borrowing rate. The liability is subsequently measured at amortised cost using the effective interest method. Lease payments are apportioned between the finance charges and reduction of the lease liability using the incremental borrowing rate implicit in the lease to achieve a constant rate of interest on the remaining balance of the liability.

2. MATERIAL ACCOUNTING POLICIES CONTINUED

Environmental rehabilitation costs
An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the development or ongoing production of a project. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present values, are provided for in full as soon as the obligation to incur such costs arises and can be quantified. On recognition of a provision, an addition is made to tangible or intangible fixed assets of the same amount. Upon commercial production this addition is then charged against profits over the life of the project. Closure provisions are updated annually for changes in cost estimates as well as for changes to the anticipated life of the project, with the resulting adjustments made to both the provision balance and the net book value of the associated non-current asset.

Taxation
Current tax is based on the estimated taxable profit for the period. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. In Burundi, when no taxable profit arises, current tax includes a minimum tax charge calculated as 1% of revenue.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding tax bases used in the computation of taxable profit. It is accounted for using the balance sheet liability method. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Financial instruments
Financial assets and financial liabilities are recognised on the statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

- **Financial assets**
  Cash and cash equivalents comprise cash held by the Group and short-term bank deposits with a maturity of three months or less.

  Trade and other receivables, to the extent they represent financial assets, are measured at initial recognition at fair value and are subsequently measured at amortised cost using the effective interest method. A provision is established when there is objective evidence that the Group will not be able to collect all amounts due.

  In applying the general model, the Group monitors on a forward-looking basis the expected credit loss, defined as the difference between the contractual cash flows and the cash flows that are expected to be received, associated with its assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables only, the simplified approach permitted by IFRS 9 is applied, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

  Losses are recognised in the income statement. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the income statement.

- **Financial liabilities**
  Financial liabilities are classified at initial recognition as either:
  - Financial liabilities at amortised cost, or
  - Financial liabilities at fair value through profit or loss (FVTPL).

  The Group determines the classification of its financial liabilities at initial recognition based on the substance of the contractual arrangements.

(a) Financial liabilities at amortised cost
Financial liabilities at amortised cost include trade and other payables, borrowings and lease liabilities. These are initially recognised at fair value, net of directly attributable transaction costs, and subsequently measured at amortised cost using the effective interest method. They are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date. Interest expense is recognised in profit or loss.

(b) Financial liabilities at fair value through profit or loss (FVTPL)
Financial liabilities are classified at FVTPL if they are held for trading, designated upon initial recognition as at FVTPL, or are contingent consideration in a business combination. Liabilities in this category are measured at fair value, with changes in fair value recognised in profit or loss.

Royalty financing arrangements are designated as financial liabilities at FVTPL as the value of the liability to be settled at a future date is driven by the commodity price, giving rise to an embedded derivative. Transaction costs are recognised in the income statement. Fair value is determined by reference to the present value of expected future royalty payments, discounted using a rate that reflects current market conditions and the risk profile of the liability. Changes in the fair value of the liability are recognised in profit or loss in the period in which they arise. Royalty payments made to the counterparty reduce the carrying amount of the liability when they are contractually due. Such payments do not affect the recognition of fair value remeasurements in profit or loss.

(c) Derecognition
A financial liability is derecognised when the contractual obligation is discharged, cancelled, or expires. When an existing liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, the original liability is derecognised and a new liability is recognised, with the difference recognised in profit or loss.

2. MATERIAL ACCOUNTING POLICIES CONTINUED

Share capital
Ordinary shares are classified as equity and are recorded at the proceeds received, net of any direct issue costs. The nature of the Company's reserves is set out in note 24.

Share options
Equity-settled share-based payments to employees and Directors are initially measured at the fair value of the equity instrument. The fair value of the equity-settled transactions with employees and Directors is recognised as an expense over the vesting period. The fair values of the equity instruments are determined at the date of grant, considering market-based vesting conditions.

The fair values of share options or restricted stock units ("RSUs") are measured at fair value at the date of grant. Where the share options only contain service conditions or non-market conditions and the options are issued with a relevant strike price, a Black-Scholes model is used. Where the share options or RSUs contain market conditions, a Monte Carlo simulation model is used and reflected in the fair value of the options or RSUs granted. Where the share options or RSUs contain no market conditions and do not include a strike price, the fair value is assessed by reference to the share price on the date of issue. Details of the assumptions used are included in note 23 Share Options and Warrants.

The expected life used in the models is adjusted, based on management's best estimate of the effects of non-transferability, exercise restrictions and behavioural considerations. For RSUs, shares are automatically issued on vesting of the relevant tranche.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees (or other beneficiaries) become fully entitled to the award (the "vesting date").

The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest.

The income statement charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether the market condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Warrants
Warrants issued are recognised at fair value at the date of grant. The fair value is measured using the Black-Scholes model. Where warrants are issued in respect of services provided, the fair value is expensed on a straight-line basis over the vesting period (if applicable). Where warrants are considered to represent a transaction cost attributable to a liability recorded at amortised cost, the fair value is deducted from the liability and amortised subsequently through the effective interest rate. Where a fixed number of warrants are issued, and the exercise price is in the functional currency of the issuer, the warrant fair value is credited to equity. Where the number of warrants is fixed but the exercise price is in a currency other than the functional currency of the issuer, the instrument fails the "fixed-for-fixed" criteria and is recognised as a financial liability at fair value through profit and loss.

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FOR THE YEAR ENDED 30 JUNE 2025
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3. ACCOUNTING JUDGMENTS AND ESTIMATIONS

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects both current and future periods. Key sources of judgment and estimation uncertainty are:

Accounting treatment of exploration and evaluation costs
Significant accounting judgement
Judgment was required in determining how to treat costs incurred during the Year for the Group's development projects in South Africa and Burundi. For the Phalaborwa asset, management note that the project is based on a JORC compliant mineral resource estimate contained within gypsum stacks at the Phalaborwa site. The Group has an 85% economic interest in the project. Accordingly, all costs associated with defining the technical feasibility and commercial viability of the project are being capitalised under IFRS 6.

For the Gakara asset, management note that the project has been on care and maintenance throughout the Year. Accordingly, none of the costs incurred have been focused on improving the understanding of the ore body, and as such all costs have been recognised in the income statement in the Year.

Impairment indicator assessment for exploration and evaluation assets and associated assets (notes 12-15)
Significant accounting judgement
Judgment was required in determining whether indicators of impairment existed at 30 June 2025 for the Group's exploration and evaluation assets. The Board assessed factors including the remaining licence term, the plans for future exploration and the results of activities to date, together with the strategic plans for the asset against the criteria set out in IFRS 6.

Phalaborwa
For the Phalaborwa asset management note the Interim Report released in December 2024, which confirmed that the proposed processing flow sheet was expected to economically extract the magnet rare earth metals from the gypsum stacks in a low capital and low operating cost environment with strong economic returns at forecast rare earth prices. The Interim Study was supported by pilot scale test work which confirmed that the rare earth elements are capable of being extracted from the phosphogypsum and upgraded to produce a saleable, high purity mixed rare earth product (MREP). Trade-off studies are ongoing which are expected to reduce the capital and operating costs associated with the production of the MREP.

An evaluation has commenced to define the optimal route to separation of the MREP, comparing the well-known SX technology with the CIC approach envisaged in the Interim Report. The Phalaborwa DFS is expected to be completed in 2026, the timing of which will be dependent on the outcome of the various trade-off studies and separation evaluation work underway. 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.

Under all scenarios, including the fastest route to production which entails the sale of the MREP ahead of further investment in separation capacity, the NPV of the project at forecast rare earth prices significantly exceeds the carrying value of the exploration and evaluation assets. Management do not consider there to be any indicators of impairment for the Phalaborwa asset.

Gakara
The assets associated with the Gakara project include both intangible and tangible fixed assets together with cash, mineral concentrate, royalty and VAT 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.

The Gakara project has been suspended from operations by the Government of Burundi since June 2021. All assets associated with the Gakara cash generating unit were written down to nil at 30 June 2024 with the exception of cash and VAT recoverable. In making this decision, the Directors considered both the value in use and fair value less costs to sell of the assets. The Directors were unable to assign any value for the potential sale of the project or the separate sale of the assets associated with the project given the nature of the situation, which is subject to political constraints not in accordance with Burundi law. A change in the situation in Burundi could allow the operations to restart in the future or permit the sale of the project to a third party, which could allow the impairment to be fully or partially reversed.

The VAT recoverable is not considered to be impaired as it is directly related to a recognised liability for VAT payable and, whilst there is no legal right to net settlement, it is expected that the liability will only be settled in a negotiated off-set against the recoverable asset.

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3. ACCOUNTING JUDGMENTS AND ESTIMATIONS CONTINUED

Royalty Financing Liability (note 19)
Significant accounting estimate
The royalty financing liability is measured at fair value through profit or loss, which involves estimating the present value of expected future royalty payments. The key assumptions applied in determining fair value include:

- The royalty rate, which increases as set out in note 19 from 0.85% to 0.95% if commercial production commences after 30 September 2027 and further increases to 1.10% if commercial production commences after 30 June 2028.
- Rare earth prices, which are based on independent third-party commodity price forecasts.
- The expected production profile, which is based on published economic assessments and the latest estimate of construction timelines based on the phased development option for the sale of MREP ahead of investment in separation capacity.
- A discount rate which reflects current market conditions and the risk profile of the underlying cash flows.

Management reviews the assumptions at each reporting date, and any changes in estimates are recognised in profit or loss as they arise. The fair value of the royalty liability is highly sensitive to changes in expected future revenues and the discount rate used. A reasonably possible change in these assumptions could result in a material adjustment to the liability and profit or loss in future reporting periods.

Decommissioning, site rehabilitation and environmental costs (note 21)
Significant accounting estimate and judgement
The Group's mining and exploration activities are subject to various laws and regulations governing the protection of the environment. Judgement and experience are used in determining the expected timing, closure, and decommissioning methods, which can vary in response to changes in the relevant legal requirements or decommissioning technologies, and the estimated environmental provisions resulting.

Judgement in respect of Phalaborwa
No provision was recorded for the Group's Phalaborwa project as the Group has not yet acquired a beneficial interest in the land associated with the site and on-site activities have not yet commenced. At 30 June 2025 the obligation for restoration of historical environmental liabilities associated with the site legally and contractually remain with the previous owners of the site.

Estimate in respect of Gakara
The discounted provision recognised for the Group's Gakara project represents management's best estimate of the rehabilitation costs that will be incurred, discounted from the period in which they are judged to be incurred. Actual costs incurred in future periods could differ materially from the estimates. Additionally, future changes to environmental laws and regulations, life of mine estimates and discount rates could affect the carrying amount of this provision.

4. LOSS FROM OPERATING ACTIVITIES

Operating loss includes:

	Year Ended 30 June 2025 US$'000	Year Ended 30 June 2024 US$'000
Employee remuneration (excluding share options)	**(1,678)**	(1,713)
Share-based payment charge	**(707)**	(427)
Audit of the Group financial statements[1]	**(237)**	(174)
Depreciation	**(136)**	(52)
Impairment of Gakara assets	**-**	(717)

1. Audit fees include US$231k for the current year and US$6k foreign exchange differences from the prior year.

5. SEGMENTAL INFORMATION

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker has been identified as the Chief Executive Officer. It is considered that the Group has two reportable segments:

- Phalaborwa – a gypsum stack re-treatment project for the recovery of rare earths in South Africa.
- Gakara – a rare-earth project in Burundi.

Unallocated costs include corporate costs, which are not reported by entity to the Board.

Year ended 30 June 2025:

	Phalaborwa US$'000	Gakara US$'000	Unallocated US$'000	Total US$'000
Administration expenses	-	(270)	(3,418)	**(3,688)**
Research costs	-	-	(260)	**(260)**
Depreciation	-	(15)	(124)	**(139)**
Loss from operating activities	-	(285)	(3,802)	**(4,087)**
Finance income	-	39	129	**168**
Finance costs	(360)	(46)	(45)	**(451)**
Change in fair value of royalty financing liability	1,216	-	-	**1,216**
Loss before and after tax	856	(292)	(3,718)	**(3,154)**
Segmental assets	17,363	164	4,884	**22,411**
Exploration and evaluation assets	17,363	-	-	**17,363**
Property, plant and equipment	-	-	460	**460**
Right of use assets	-	1	250	**251**
Current assets	-	163	4,174	**4,337**
Segmental liabilities	(7,423)	(1,287)	(519)	**(9,229)**
Capital expenditure	1,647	-	505	**2,152**

Year ended 30 June 2024:

	Phalaborwa US$'000	Gakara US$'000	Unallocated US$'000	Total US$'000
Production and sales costs	-	-	-	-
Impairment	-	(717)	-	(717)
Administration expenses	-	(413)	(3,102)	(3,515)
Depreciation	-	(21)	(31)	(52)
Loss from operating activities	-	(1,151)	(3,133)	(4,284)
Finance income	-	32	109	141
Finance costs	-	(70)	(49)	(119)
Loss before tax	-	(1,189)	(3,073)	(4,262)
Income tax expense	-	-	-	-
Loss after tax	-	(1,189)	(3,073)	(4,262)
Segmental assets	15,716	233	326	16,275
Exploration and evaluation assets	15,716	-	-	15,716
Property, plant and equipment	-	-	21	21
Other assets	-	24	60	84
Current assets	-	209	245	454
Segmental liabilities	(616)	(897)	(921)	(2,434)
Capital expenditure	10,886	-	-	10,886

6. FINANCE INCOME

	Year Ended 30 June 2025 US$'000	Year Ended 30 June 2024 US$'000
Interest income	**38**	-
Foreign exchange gains	**130**	141
Total	**168**	141

Foreign exchange gains in the current and prior periods mainly relate to gains on translation of funds from US Dollars to Burundian Francs ("BIF") plus the settlement of liabilities in Burundi denominated in BIF.

7. FINANCE COSTS

	Year Ended 30 June 2025 US$'000	Year Ended 30 June 2024 US$'000
Change in fair value of warrant liability (note 18 and 23)	**(21)**	(32)
Interest on bank borrowing (note 18)	**(37)**	(49)
Interest on lease liabilities (note 20)	**(12)**	(10)
Interest on outstanding taxes	**(2)**	(17)
Interest paid to government	**(7)**	-
Cost of royalty financing	**(360)**	-
Foreign exchange losses	**(12)**	(11)
Total	**(451)**	(119)

8. REMUNERATION OF KEY MANAGEMENT PERSONNEL

Key management personnel are defined as being Executive and Non-Executive Directors and PDMRs, who are set out on pages 36 to 38. Directors' emoluments are set out on page 48. Total remuneration for key management personnel is summarised as follows:

	Year Ended 30 June 2025 US$'000	Year Ended 30 June 2024 US$'000
Wages and salaries	**1,122**	1,082
Bonus	**(4)**	345
Pension costs	**17**	15
Social security costs and similar taxes	**8**	1
Share- based payments	**557**	339
Total remuneration of key management personnel	**1,700**	1,782

Prior year bonuses were settled by the issue of 2,595,735 shares on 3 September 2024. The cost was accrued based on the share price at 30 June 2024 of 10.5 pence per share. The difference between the accrual and share price at date of issue reflects the credit in the year. No bonuses were awarded in the Year.

In addition to salary and benefits, payments to companies associated with key management personnel are set out in note 26.

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9. TOTAL EMPLOYEE REMUNERATION (INCLUDING KEY MANAGEMENT PERSONNEL)

	Year Ended 30 June 2025 US$'000	Year Ended 30 June 2024 US$'000
Wages and salaries	**2,053**	1,826
Bonus	**(4)**	345
Pension costs	**23**	15
Social security costs and similar taxes	**31**	10
Share-based payments	**707**	427
Total employee remuneration	**2,810**	2,623

Staff costs include US$426k capitalised within Exploration and Evaluation assets in the Year (2024: US$484k) relating to the Phalaborwa project.

The average number of employees during the period were made up as follows

	Year Ended 30 June 2025	Year Ended 30 June 2024
Directors	**7**	7
Management and administration	**41**	33
Total	**48**	40

10. INCOME TAX EXPENSE

	Year Ended 30 June 2025 US$'000	Year Ended 30 June 2024 US$'000
Current tax expense	**-**	-
Prior year tax adjustment	**-**	-
Total tax expense for the year	**-**	-

The difference between the total tax expense shown above and the amount calculated by applying the standard rate of corporation tax to the loss before tax is as follows:

	Year Ended 30 June 2025 US$'000	Year Ended 30 June 2024 US$'000
Loss for the year before tax	**(3,154)**	(4,262)
Income tax using the effective tax rate of 8.3% (FY 2024: 0%):	**(263)**	-
Effects of:		
Differences in tax rates	**2**	(296)
Impact of Burundi impairment	**-**	215
Other adjustments	**52**	(37)
Tax losses carried forwards	**209**	118
Total	**-**	-

Rainbow Rare Earths Limited changed its tax registration from Guernsey to the United Kingdom as of 1 March 2025. The effective tax rate for the year reflects the Guernsey tax rate of 0% for the first eight months of the financial year and the UK's corporate tax rate of 25% for the final four months of the financial year.

Rainbow International Resources Limited is subject to 0% income tax in Guernsey. Rainbow Rare Earths (Proprietary) Limited is subject to income tax rate in South Africa at 27%. Rainbow Burundi SPRL and Rainbow Mining Burundi SM are subject to corporation tax in Burundi at 30%.

No deferred tax asset has been recognised in respect of the tax losses carried forward as the recoverability of this benefit is dependent on the future profitability of the individual entities within the Group, the timing of which is considered insufficiently certain. The total unrecognised potential deferred tax assets in respect of losses carried forward are:

- Rainbow Rare Earths Limited nil (30 June 2024: nil)
- Rainbow Rare Earths (Proprietary) Limited US$246k (30 June 2024: US$91k)

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11. 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 (note 22) 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)

12. 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.

13. PROPERTY, PLANT AND EQUIPMENT

US$'000	Mine development costs	Plant and machinery	Laboratory equipment	Vehicles	Leasehold improvements	Office equipment	Total
Cost							
At 1 July 2023	183	2,889	–	1,606	–	49	4,727
Additions	–	–	–	–	–	–	–
At 30 June 2024	183	2,889	–	1,606	–	49	4,727
Additions	–	–	487	–	16	2	505
At 30 June 2025	**183**	**2,889**	**487**	**1,606**	**16**	**51**	**5,232**
Depreciation							
At 1 July 2023	183	2,889	–	1,582	–	46	4,700
Charge for year	–	–	–	5	–	1	6
At 30 June 2024	183	2,889	–	1,587	–	47	4,706
Charge for the year	–	–	58	5	2	1	66
At 30 June 2025	**183**	**2,889**	**58**	**1,592**	**2**	**48**	**4,772**
Net Book Value at 30 June 2025	**-**	**-**	**429**	**14**	**14**	**3**	**460**
Net Book Value at 30 June 2024	–	–	–	19	–	2	21
Net Book Value at 30 June 2023	–	–	–	24	–	3	27

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14. INVENTORY

	Year Ended 30 June 2025 US$'000	Year Ended 30 June 2024 US$'000
Finished goods	**-**	-
Consumables	**1**	1
Total inventory	**1**	1

An impairment review was carried out for the inventory associated with the Group's Gakara project in the year ended 30 June 2024 following the suspension of all activities imposed by the Ministry of Hydraulics, Energy and Mines of the Republic of Burundi in 2021. The costs associated with 421 tonnes of mixed rare earth concentrate were fully written-off as the Directors could not reasonably assume that the export ban would be lifted allowing the concentrate to be sold.

15. TRADE AND OTHER RECEIVABLES

	Year Ended 30 June 2025 US$'000	Year Ended 30 June 2024 US$'000
Accounts receivable	**107**	29
VAT recoverable	**191**	235
Prepayments	**97**	104
Deposits paid	**8**	5
Sundry debtors	**-**	1
Total trade and other receivables	**403**	374

VAT recoverable relates to the input VAT recoverable in United Kingdom (US$30k, 2024: nil), Burundi (US$137k, 2024: US$140k) and South Africa (US$25k, 2024: US$95k). In Burundi, the Group has a BIF656m (US$221k) VAT liability. Whilst there is no legal right to net settlement, it is expected that the liability will only be settled in a negotiated off-set against the recoverable asset. Accordingly, both the asset and liability are recognised at 30 June 2025.

Expected credit losses were assessed at 30 June 2025 considering various potential scenarios, information regarding the counterparty credit risk, the historical payment profiles, and forward-looking factors. On the basis that the primary credit risk relates to the reverse VAT recoverable in Burundi, which is expected to be paid only on resolution of all matters relating to the suspension of activity in Burundi, no expected credit loss provision was considered necessary in the Year (2024: US$nil).

16. CASH AND CASH EQUIVALENTS

	Year Ended 30 June 2025 US$'000	Year Ended 30 June 2024 US$'000
Cash at bank and in hand	**3,933**	79
Total cash at bank and in hand	**3,933**	79

At 30 June 2025 BIF41.4m (US$14k) was held in a bank account with FinBank SA which was locked by a legal order from the Government of Burundi. This amount was subsequently used to settle amounts due to FinBank on 20 August 2025. No cash amounts were restricted at 30 June 2024.

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17. TRADE AND OTHER PAYABLES

	Year Ended 30 June 2025 US$'000	Year Ended 30 June 2024 US$'000
Trade payables	**52**	361
Accrued expenses	**395**	930
Taxes and social security	**356**	319
Other payables	**110**	-
Burundi land taxes and community contributions payable	**290**	240
Total trade and other payables	**1,203**	1,850

Tax and social security payables include BIF937 million (US$290k) relating to the Burundi operating subsidiary, RMB. This amount primarily results from a tax audit covering 2017 to 2019 which found that reverse VAT and withholding taxes had not been correctly applied on a number of invoices received for services supplied to RMB from international suppliers. Penalties and interest on these amounts are included in the liabilities recognised.

The Directors consider the carrying value of trade and other payables approximate to their fair value.

18. BORROWINGS

	Year Ended 30 June 2025 US$'000	Year Ended 30 June 2024 US$'000
FinBank Loan	**249**	282
Warrant liability	**176**	155
Total borrowings	**425**	437
Borrowings fall due:		
Due within one year	**340**	245
Due between two to five years	**85**	192
Total	**425**	437

The following table analyses the movement in borrowings:

	Year ended 30 June 2025		Year ended 30 June 2024	
	US$'000	**US$'000**	US$'000	US$'000
Borrowings brought forward		**437**		486
Cash flows from borrowings				
Repayment of borrowings	**(42)**		(77)	
Interest paid	**(20)**		(49)	
		(62)		(126)
Non-cash movement in borrowings				
Interest charge on borrowings	**37**		49	
Revaluation of warrant liability	**21**		32	
Foreign exchange gain on BIF loan	**(8)**		(4)	
		50		77
Borrowings carried forward		**425**		437

FinBank Loan
The FinBank loan facility in Burundi is expressed in BIF and carries an interest rate of 15%. Under the terms of this loan FinBank has security over the fixed and floating assets of RMB, the shares of RMB, and the cash held in RMB's FinBank bank accounts. Interest on the loan amounted to US$37k (2024: US$49k). The loan is due to be repaid in full by April 2027 via payments of BIF30 million per month cover both principal and interest.

Payments on the loan were not made from January 2025 to June 2025 because RMB's bank account with FinBank SA was locked by a legal order from the Government of Burundi. RMB held BIF41.4m in the FinBank account at 30 June which has subsequently been used to partially settle the loan arrears and the Group intends to continue repayments including settling the remaining arrears in 2025.

19. ROYALTY FINANCING LIABILITY

	Year Ended 30 June 2025 US$'000	Year Ended 30 June 2024 US$'000
Proceeds from royalty financing agreement	**8,500**	–
Change in fair value	**(1,216)**	–
Liability carried forward	**7,284**	–

On 1 July 2024 the Company entered into a royalty financing agreement with Ecora Resources plc under which it will make quarterly royalty payments based on future rare earth sales from the Phalaborwa project. The royalty rate is linked to the expected date of commencement of commercial production as follows:

- 0.85% if production commences on or before 30 September 2027
- 0.95% if production commences after 30 September 2027 but on or before 30 June 2028
- 1.10% if production commences after 30 June 2028

The royalty financing liability is recognised at fair value through profit and loss calculated as the present value of the expected future royalty payments using a discount rate that reflects current market conditions and the risk profile of the liability.

The royalty financing liability was initially recognised on 1 July 2024 at fair value of US$8.5 million, being the proceeds received and representing the present value of expected future royalty payments. The royalty financing liability is categorised as a level 3 fair value measurement in accordance with IFRS 13. The royalty financing liability is a long-term liability due after more than one year to match the expected timing of production from Phalaborwa. In determining the present value of the expected future royalty payments on initial recognition management used the following key inputs:

- Rare earth production forecasts set out in the Phalaborwa PEA published in October 2022, with the timing of first production estimated by management to occur in Q3 2027.
- Rare earth prices forecast by Argus Media Limited in April 2024, which were confirmed as still relevant at the date of initial recognition.
- A discount rate of 19.26% representing:
  - A risk-free interest rate of 4.74% based on United States 20-year bond yields.
  - An additional risk premium of 14.52% reflecting higher counterparty risk, South African country risk, pre-commercialisation risk, commodity price volatility risk and term risk. This was calculated by reference to market available data, where available, and the proceeds received and internal rate of return of the expected future royalty payments at initial recognition.

At 30 June 2025 the royalty financing liability was revalued with updated key inputs as follows:

- An updated rare earth production schedule set out in the Interim Report announced in December 2024, with first production forecast to occur in Q2 2028 based on management's best estimate of DFS and construction timetables.
- Rare earth prices forecast by Argus Media Limited in April 2025, which were confirmed as still relevant at the balance sheet date.
- An updated discount rate of 19.30% representing
  - A risk-free interest rate of 4.78%.
  - An additional risk premium of 14.52%, which was judged not to have changed in aggregate during the year.

As a result of the lower rare earth prices forecast by Argus Media Limited in April 2025, the fair value of the royalty financing liability fell to US$7.3 million at 30 June 2025, representing a change in accounting estimate. The fair value of the royalty financing liability is highly sensitive to changes in the assumptions that underpin the expected future revenue for the royalty and the discount rate used. Subsequent to the balance sheet date rare earth prices have increased above the levels forecast in 2028 by Argus Media. If forecast rare earth prices increase in-line with recent trends the finance income recognised at 30 June 2025 from the revaluation of the royalty is expected to be reversed in H2 2025.

Sensitivity analysis

A sensitivity analysis has been prepared to show the impact of changes in the assumptions on the valuation of the royalty liability. The sensitivity factors considered are as follows:

- **Discount rate:** A 2% variance has been modelled reflecting a change of ca. 10% to the discount rate at 30 June 2025.
- **Rare earth prices:** Following significant increases post year-end, reported spot rare earth prices are above the levels assumed at the start of production in the year-end forecasts used for the royalty liability valuation. A 10% increase in forecast rare earth pricing has been modelled for sensitivity as a further fall in pricing is not considered likely.
- **Timing of production:** The royalty financing liability valuation is based on the fastest route to production at Phalaborwa, which assumes a phased approach with initial sales of a mixed rare earth product ahead of investment in separation capacity. In the event that separation capacity is developed alongside the leaching and recovery circuit the expected timeline to the start of construction would be delayed and the construction would be expected to take longer to complete. A one year delay to initial production has been modelled to reflect this scenario, which results in the royalty rate increasing from 0.95% to 1.10% in line with the royalty agreement.

19. ROYALTY FINANCING LIABILITY CONTINUED

Sensitivity analysis continued

The impact of the above sensitivities on the royalty financing liability are set out in the table below:

Sensitivity	Adjusted Input	Impact Change	Change %
Discount Rate	21.30%	(917)	-13%
Discount Rate	17.30%	1,106	15%
Rare earth	10% higher	743	10%
Delay in production	12 month delay	90	1%

20. LEASES

	Year Ended 30 June 2025 US$'000	Year Ended 30 June 2024 US$'000
Lease liabilities fall due:		
Within one year	**89**	48
Between two to five years	**173**	44
After five years	**-**	-
Total	**262**	92

The following table analyses the movement in lease liabilities:

	Year ended 30 June 2025 US$'000	Year ended 30 June 2025 US$'000	Year ended 30 June 2024 US$'000	Year ended 30 June 2024 US$'000
Lease liabilities brought forward		**92**		44
Cash flows from leases				
Payment of lease liabilities	**(70)**		(43)	
Interest paid	**(10)**		(10)	
		(80)		(53)
Non-cash movement in leases				
Recognition of lease liabilities	**248**		91	
Interest charge on leases	**10**		10	
Revaluation on termination	**(8)**		-	
		250		101
Lease liabilities carried forward		**262**		92

Right of use assets

	Land and buildings US$'000
Balance as at 1 July 2023	**39**
Right of use asset recognised in the year	91
Depreciation in year	(46)
Balance as at 30 June 2024	**84**
Right of use asset recognised in the year	248
Amendments to expected life	(8)
Depreciation in year	(73)
Balance as at 30 June 2025	**251**

Lease liabilities relate to properties let under renewable contracts with the related right of use asset and lease liability determined based on the Group's long-term intention to continue to utilise the relevant property.

During 2025 the Group established a UK representative office in London from 1 March 2025, expected to be used for three years, and a laboratory facility in Johannesburg from November 2024, expected to be used for five years. The lease for the RMB office in Burundi was terminated in February 2025.

During the prior year the Group established a new Johannesburg office in September 2023 expected to be used for three years.

There are no other lease commitments.

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21. PROVISIONS

	Rehabilitation provision US$'000
At 1 July 2023	**55**
Discount	–
At 30 June 2024	**55**
Discount	–
At 30 June 2025	**55**

The rehabilitation provision relates to the anticipated cost of restoring the operating sites at the Gakara project in Burundi, discounted to reflect management's best estimates of the timing of future estimated cash flows. During the Year the impact of inflation, the revaluation of the BIF and the expected timing of rehabilitation activities resulted in no change to the recognised liability.

No provision was recorded for the Group's Phalaborwa project as on-site activities have not yet commenced and there is no legal obligation for restoration by the Group with historical environmental liabilities associated with the site contractually remaining with the previous owners.

22. 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.

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23. SHARE OPTIONS AND WARRANTS

Employee share options
The total share-based payment charge for the Year was US$707k (2024: US$427k).

At 30 June 2025, the following employee share options were exercisable and outstanding:

	30 June 2025		30 June 2024	
	Number	Average weighted exercise price (pence)	Number	Average weighted exercise price (pence)
Share option plan				
Outstanding as at 1 July	**10,596,700**	**13.30**	11,541,400	13.33
Lapsed in the year	**(2,544,700)**	**10.80**	(944,700)	10.00
Outstanding as at 30 June	**8,052,000**	**14.09**	10,596,700	13.62
Exercisable as at 30 June	**8,052,000**	**14.09**	9,580,034	13.30
Long-Term Incentive Plan				
Outstanding as at 1 July	**6,800,000**	**-**	8,258,000	-
Lapsed in the year	**(75,000)**	**-**	-	-
Issued during the year	**(333,332)**	**-**	(1,458,000)	-
Granted in the year	**6,250,000**	**-**	-	-
Outstanding as at 30 June	**12,641,668**	**-**	6,800,000	-
Exercisable as at 30 June	**7,008,324**	**-**	3,766,661	-

During the Year:
- On 3 September 2024, 6,250,000 nil priced share options / restricted share units were granted.
- On 6 September 2024, 333,332 shares were issued in respect of restricted share units which vested.
- On 18 January 2025, 350,000 options with an exercise price of 10p per share, 500,000 options with an exercise price of 15p per share, and 500,000 options with an exercise price of 12p per share expired.
- On 31 March 2025, 75,000 nil priced share options lapsed prior to vesting.
- On 31 March 2025, 944,700 options with an exercise price of 10p per share, and 250,000 options with an exercise price of 18p per share expired.

During the prior year:
- On 31 July 2023, 944,700 options with an exercise price of 10p per share expired.
- On 4 December 2023, 1,458,000 nil value share options were exercised by George Bennett.
- On 30 April 2024 1,000,000 nil priced share options previously issued to US citizens under the Long-Term Incentive Plan were cancelled prior to vesting and replaced with restricted share units to ensure compliance with s.409A of the United States Internal Revenue Code. This was treated as a modification of the share options with no additional value accruing to the option holders. The restricted share units were treated as being in place at 30 June 2024 despite the replacement instruments not being issued until after the balance sheet date.

The options and restricted share units outstanding at 30 June 2025 across both the share option plan and Long-Term Incentive Plan had a weighted average remaining contractual life of 6.2 years (2024: 5.7 years).

23. SHARE OPTIONS AND WARRANTS CONTINUED

Warrants

	Number	Exercise price
Outstanding and exercisable at 30 June 2024 and 2025	2,000,000	£0.0455

Weighted average exercise price calculated for US$ based warrants on US$:GBP exchange rate ruling on 30 June 2020.

On 21 February 2020, 2,000,000 warrants were issued to Pipestone Capital Inc ("Pipestone"), in which George Bennett, the Company's CEO, has a beneficial interest. The warrants were issued in lieu of interest on a US$1 million bridging loan provided to the Company. The warrants initially had a contractual life of four years at an exercise price of 4.55 pence per warrant. During the prior year the expiry date was extended to 20 February 2026. The Pipestone warrants are recognised as a financial liability at fair value through profit and loss with changes in value in the Year included under Finance Costs as set out in note 7.

As noted above, the Pipestone warrants are classified as a financial liability and are revalued at each period end using a Black-Scholes model, which is categorised as a level 3 fair value measurement in accordance with IFRS 13. The inputs into the model were:

	At 30 June 2025	At 30 June 2024
Share price (GBP pence)	**11.00**	10.25
Exercise price (GBP pence)	**4.55**	4.55
Expected volatility	**39.96%**	54.47%
Risk free rate	**3.86%**	4.12%
Rate of Exchange	**1.35**	1.27
Time to exercise (years)	**0.67**	1.50

Expected volatility was determined by reference to the annual volatility of the Company's closing mid-market share price on the London Stock Exchange.

The expected life used in the model has been on management's best estimate for the effects of exercise restrictions and behaviour.

24. RESERVES

Reserve	Purpose
Share capital	Value of shares issued less costs of issuance
Share-based payment reserve	Fair value of share options issued
Accumulated losses	Cumulative net losses recognised in the statement of comprehensive income
Non-controlling interest	Amounts attributable to the 10% interest the State of Burundi has in RMB, and 3% interest Gilbert Midende has in Rainbow Burundi SPRL at 30 June 2023. Refer to note 25 for further details and non-controlling interests for earlier periods

Details in the movements of these reserves are set out in the Statement of Changes in Equity.

25. NON-CONTROLLING INTEREST

The Group has subsidiaries with non-controlling interests ("NCI") as follows:

- The State of Burundi has a non-dilutable 10% interest in RMB
- Gilbert Midende has a 3% interest in Rainbow Burundi SPRL

Summarised financial information in relation to these subsidiaries, before intra-group eliminations, is presented below together with the attributable NCI.

Name of subsidiary	**Rainbow Burundi SPRL**		**Rainbow Mining Burundi SM**			
Country	**Burundi**		**Burundi**		**Total Group**	
Effective non-controlling interest	3%		10%			
	30 June 2025 US$'000	30 June 2024 US$'000	**30 June 2025 US$'000**	30 June 2024 US$'000	**30 June 2025 US$'000**	30 June 2024 US$'000
Income statement						
Administrative expenses	**-**	-	**(159)**	(179)	**(159)**	(179)
Impairment	**-**	-	**-**	(717)	**-**	(717)
Depreciation	**-**	-	**(15)**	(20)	**(15)**	(20)
Net finance income / (costs)	**-**	294	**(5)**	(38)	**(5)**	256
Tax	**-**	-	**-**	(1)	**-**	(1)
Income / (loss) and total comprehensive income / (loss) for period	**-**	294	**(179)**	(955)	**(179)**	(661)
Total comprehensive income / (loss) attributed to NCI	**-**	9	**(18)**	(96)	**(18)**	(87)
Dividends paid to NCI	**-**	-	**-**	-	**-**	-
Cash flows						
Cash flow from operating activities	**-**	-	**(58)**	(568)	**(58)**	(568)
Cash flow from investing activities	**-**	-	**-**	-	**-**	-
Cash flow from financing activities	**-**	(1)	**(70)**	(130)	**(70)**	(131)
Net cash flows	**-**	(1)	**(128)**	(698)	**(128)**	(699)
Balance Sheet						
Non-current assets	**-**	-	**1**	24	**1**	24
Current assets	**-**	-	**158**	151	**158**	151
Non-current liabilities	**-**	-	**(150)**	(252)	**(150)**	(252)
Current liabilities	**-**	-	**(767)**	(645)	**(767)**	(645)
Intra-group loans	**-**	-	**(438)**	(19,377)	**(438)**	(19,377)
Net liabilities						
	-	-	**(1,196)**	(20,099)	**(1,196)**	(20,099)
Accumulated non-controlling interest	**-**	-	**(120)**	(2,009)	**(120)**	(2,009)

There were no capital commitments on 30 June 2025 (2024: nil). Under the terms of the Gakara Mining Convention there are no minimum expenditure commitments in respect of exploration and evaluation activities.

During the Year intra-group loans due from Rainbow Mining Burundi SM to Rainbow International Resources Limited totalling US$19.1 million were converted to equity, of which US$1,907k was issued to the Government of Burundi who are entitled to a non-dilutable 10% interest in Rainbow Mining Burundi SM.

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26. RELATED PARTY TRANSACTIONS

	Year to 30 June 2025			*Restated Year to 30 June 2024		
	Charged in year US$'000	**Settled in year US$'000**	**Balance as at 30 June 2025 US$'000**	Charged in year US$'000	Settled in year US$'000	Balance as at 30 June 2024 US$'000
MPD Consulting Limited [1]	**10**	**(10)**	**-**	5	(4)	1
Magna Capital (Guernsey) Limited [2]	**-**	**-**	**-**	647	(647)	-
Hague House Management Limited [3]	**16**	**(16)**	**-**	18	(18)	-
Kinsella Consulting Limited [4]	**5**	**(5)**	**-**	-	-	-
Total	**31**	**(31)**	**-**	670	(669)	1

Notes
1. MPD Consulting Limited, in which Pete Gardner, the Company's CFO, has a beneficial interest, has recharged certain costs relating to third party UK administrative costs incurred on behalf of the Group.
2. Magna Capital (Guernsey) Limited ("Magna"), in which Adonis Pouroulis, the non-executive Chairman of the Board of Directors, has a beneficial interest, was engaged in December 2022 to assist the Company with its strategy to consolidate ownership of the Phalaborwa project and lift the notarial bonds in South Africa issued in favour of third parties which may have impacted the ability of Bosveld Phosphates (Pty) Limited to transfer the rights to the Phalaborwa project to a new entity as envisaged. The transaction was concluded in the year ended 30 June 2024 and a success fee of £500k was paid to Magna.
3. George Bennett, the Company's CEO, has been reimbursed via expenses for costs incurred from Hague House Management Limited, a company in which he has a beneficial interest, related to accommodation incurred on business travel to the UK. Hague House Management Limited owns a number of properties across London which are available for short term business rental via a number of commercially available booking platforms including Airbnb. These costs were not previously disclosed in the financial statements. Transactions incurred in the year ended 30 June 2024 represent a prior year disclosure restatement. Mr Bennett has rented commercially available properties in which he has a beneficial interest on business travel on behalf of the Company to the UK since 2019. The value of the related party transactions from July 2019 to June 2023 reimbursed via expenses, not previously disclosed in the consolidated financial statements, totalled US$24k. The Board has reviewed the underlying transactions and is satisfied that they have been concluded on a third-party arms-length basis at or below market rates for such accommodation. All payments have been made in line with the Board approved expense policy.
4. Kinsella Consulting Limited, in which Adonis Pouroulis, the non-executive Chairman of the Board of Directors, has a beneficial interest, has recharged travel cost incurred on behalf of the Group.

As set out in notes 18 and 23, the term of the warrants issued to Pipestone Capital, in which George Bennett, the Company's CEO, has a beneficial interest, was extended in the year ended 30 June 2024 by two years to 20 February 2026. This led to a revaluation of the warrant liability, which is recognised at fair value through profit and loss.

Related party transactions were made on terms equivalent to those that prevail in arm's length transactions.

27. INVESTMENT IN SUBSIDIARIES

The shareholdings in the Group's subsidiaries for each year are set out below:

			% Share Capital Held	
Name of Company	**Principal Activity**	**Country of Incorporation**	**2025**	2024
Rainbow International Resources Limited	Rare earth exploration	Guernsey	**100%**	100%
Rainbow Burundi SPRL	Rare earth exploration	Republic of Burundi	**97%**	97%
Rainbow Mining Burundi SM	Rare earth mining	Republic of Burundi	**90%**	90%
Rainbow Rare Earths Zimbabwe (Private) Limited	Rare earth exploration	Zimbabwe	**100%**	100%
Rainbow Rare Earths (Proprietary) Limited	Group support services	South Africa	**100%**	100%
Phalaborwa Holding Company (Pty) Ltd	Holding company	South Africa	**100%**	-
Rare Earths Processing Company (Pty) Ltd	Rare earth processing	South Africa	**85%**	-

a. Rainbow International Resources Limited is 100% owned by Rainbow Rare Earths Limited.
b. Rainbow Burundi SPRL is in the process of being deregistered.
c. Gilbert Midende holds a 3% interest in Rainbow Burundi SPRL.
d. Rainbow Rare Earths Zimbabwe (Private) Limited is dormant and not trading and in the process of being deregistered.
e. Rainbow Rare Earths (Proprietary) Ltd is 100% owned by Rainbow Rare Earths Limited.
f. Phalaborwa Holding Company (Pty) Ltd is 100% owned by Rainbow Rare Earths Limited.
g. Rare Earths Processing Company (Pty) Ltd is 85% owned by Rainbow Rare Earths Limited.
h. Bosveld Phosphates (Pty) Ltd has a 15% interest in Rare Earths Processing Company (Pty) Ltd

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28. COMMITMENTS AND CONTINGENCIES

The Group has a number of contracts that could give rise to future expenditure commitments:

- Under the terms of the licence agreement with K-Tech, should the Group use K-Tech's continuous ion chromatography technology to separate rare earth oxides at either the Phalaborwa or Uberaba projects, a licence fee of US$5.5 million would need to be paid in instalments commencing at the start of the construction phase for each project.
- Under the terms of a consultancy agreement, if an agreement is signed with the Mosaic Company that gives the Group a legal interest in the phosphogypsum stacks at the Uberaba project and contains the terms upon which a project will be developed to extract the rare earths therefrom, a fee of US$300,000 would be payable in four equal annual instalments. There is no obligation to make any payments at 30 June 2025 and no liability has been recognised.
- Under the terms of the Bosveld co-development agreement, Rainbow has the right to acquire Bosveld's remaining 15% stake in the Phalaborwa project via the issue of 38,873,663 shares at any time up to 30 June 2026.

There were no capital commitments at 30 June 2025 (2024: nil). Under the terms of the Gakara Mining Convention there are no minimum expenditure commitments in respect of exploration and evaluation activities.

29. POST BALANCE SHEET EVENTS

There were no post balance sheet events.

30. FINANCIAL RISK MANAGEMENT

The Group's financial liabilities at each period end consist of borrowings (including the royalty financing liability), leases, unsecured loans and trade and other payables (including accrued expenses). The warrants issued in lieu of interest for the Pipestone Loan and the royalty financing liability are measured at fair value through profit or loss. All other liabilities are measured at amortised cost. These are detailed in notes 17, 18, 19 and 20.

The Group has various financial assets, being trade and other receivables and cash, which arise directly from its operations. To the extent that these represent financial assets they are classified as assets held at amortised cost. These are detailed in notes 15 and 16.

The fair values of the Group's cash, trade and other receivables, borrowings, unsecured loans, leases, trade and other payables and financial liabilities at fair value through profit and loss are considered to approximate book value.

The risks arising from the Group's financial instruments are credit risk, liquidity risk and market risk (including interest risk and currency risk).
The risk management policies employed by the Group to manage these risks are discussed below.

Credit risk
Credit risk refers to the risk that the Group's financial assets will be impaired by the default of a third party. The Group is exposed to credit risk on its cash and cash equivalents as set out in note 16. Credit risk is managed by ensuring that surplus funds are held in the UK with well-established financial institutions of high-quality credit standing. At 30 June 2025, 83% of funds were held with a UK bank with a long-term A- credit rating (2024: 99%).

Market risk
Market risk arises from the Group's use of interest bearing, tradable and foreign currency financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk), foreign exchange rates (currency risk) or other market factors (other price risk). In addition, the royalty financing liability incorporates market risk for future rare earth prices, which will define the level of payments required under the royalty agreement.

Currency risk
Currency risk refers to the risk that fluctuations in foreign currencies cause losses to the Group.

The Group is exposed to foreign exchange risk arising from various currency exposures primarily with respect to Sterling and the Burundian Franc. Management monitors the exchange rate fluctuations on a continuous basis and acts accordingly. The financial assets and liabilities that include significant foreign currency denominated balances are shown below.

Foreign exchange risk is managed by matching the currency profile of cash holdings to expected future cash outflows. Minimal cash is held in Burundian Francs. The table below shows the currency profiles of cash and cash equivalents:

Cash and cash equivalents	**Year Ended 30 June 2025 US$'000**	Year Ended 30 June 2024 US$'000
US Dollars	**3,039**	21
GB Pounds	**207**	4
SA Rands	**669**	51
Burundi Francs	**18**	3
Total	**3,933**	79

The table below shows an analysis of the currency of the monetary liabilities in the functional currency of the Group (US dollars):

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30. FINANCIAL RISK MANAGEMENT CONTINUED

	Year Ended 30 June 2025 US$'000	Year Ended 30 June 2024 US$'000
US Dollars	**7,670**	988
GB Pounds	**403**	332
Burundi Francs	**575**	600
South African Rand	**350**	303
Total	**8,998**	2,223

The largest foreign currency monetary liability exposure and the least stable currency is the Burundi Franc. A 10% movement in the US$:BIF rate would have resulted in a gain or loss of approximately US$0.1 million (2024: approximately US$0.1 million) in the income statement in relation to the cash and cash equivalents and trade payables as at 30 June 2025.

Interest rate risk
Interest rate risk refers to the risk that fluctuations in interest rates cause losses to the Group.

The Group's borrowings bear fixed rates of interest. The Group has no exposure to interest rate risk except on cash and cash equivalents which carry variable interest rates. The Group has no material sensitivity to reasonable changes in variable interest rates. The group monitors the variable interest risk accordingly.

Liquidity risk
Liquidity risk refers to the risk that the Group has insufficient cash resources to meet working capital requirements. The Group manages its liquidity requirements by using both short and long-term cash flow projections. The following table sets out the contractual maturities (representing undiscounted contractual cash flows) of financial liabilities:

	As at 30 June 2025				As at 30 June 2024			
	Due within 1 years US$'000	Due in 1 to 2 years US$'000	Due in 2 to 5 years US$'000	Due in 5 to 10 years US$'000	Due within 1 years US$'000	Due in 1 to 2 years US$'000	Due in 2 to 5 years US$'000	Due in 5 to 10 years US$'000
Trade and other payables	**1,203**	**-**	**-**	**-**	1,850	-	-	-
Loans and borrowings	**163**	**85**	**-**	**-**	125	125	126	-
Royalty financing liability	**-**	**-**	**4,058**	**37,357**	-	-	-	-
Lease liabilities	**102**	**76**	**112**	**-**	33	5	-	-
Total	**1,468**	**161**	**4,170**	**37,357**	2,008	130	126	-

Ultimate responsibility for liquidity risk management rests with the Directors, who have built an appropriate liquidity risk management framework for the management of the Group's short, medium, and long-term funding and liquidity management requirements. The Group closely monitors and manages its liquidity risk. For further details on the Group's liquidity position, please refer to the going concern paragraph in note 2 of these accounts.

Capital management
In managing capital, the Group's primary objective is to maintain a sufficient funding base, through debt and equity, to enable the Group to meet its working capital and strategic investment needs. This includes ensuring sufficient funds are available to service the Group's borrowings as they fall due. No funds are held in restricted or designated accounts for future debt servicing requirements. In making decisions to adjust its capital structure to achieve these aims the Group considers not only its short-term position but also its long-term operational and strategic objectives.

The Group's primary capital management measure is net debt (borrowings including the royalty financing liability, net of cash) to total equity, measured as follows:

Net debt / (cash) to equity	30 June 2025 US$'000	30 June 2024 US$'000
Loans (note 18)	**425**	437
Royalty financing liability (note 19)	**7,284**	-
Less: Cash and cash equivalents	**(3,933)**	(79)
Net debt / (cash)	**3,776**	358
Total equity	**13,182**	13,841
Ratio	**28.65%**	2.59%

31. ULTIMATE CONTROLLING PARTY

The Company does not have a single controlling party.

SHAREHOLDER INFORMATION

DIRECTORS AND ADVISERS

Executive Director
George Bennett – Chief Executive Officer

Non-Executive Directors
Adonis Pouroulis – Chairman
Alexander Lowrie
Shawn McCormick
Atul Bali
J Peter Pham
Darryl Castle

Company Secretary
Scorpio Secretarial Services Limited (Guernsey)

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Registrars and transfer office
Computershare Investor Services PLC
PO Box 82, The Pavilions, Bridgwater Road
Bristol BS99 7NH

Bankers
Barclays Bank PLC (UK)
FinBank S.A (Burundi)
Standard Bank of South Africa Limited (South Africa)

Brokers
Joh. Berenberg, Gossler & Co. KG (UK)
Stifel Nicolaus Europe Limited (UK)

Independent Auditors
BDO LLP (UK)

Solicitors
K&L Gates LLP (UK)
Legal Solutions Chambers (Burundi)
Cliffe Dekker Hoffmeyer Inc. (South Africa)

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