

A photograph of two industrial workers in a factory. A man in the foreground wears a white hard hat, glasses, and a yellow high-visibility vest over a grey sweater. He is looking down at a clipboard. Behind him, a woman also wears a white hard hat and safety glasses, looking towards the camera. The background shows industrial machinery and yellow overhead cranes.

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 developing an innovative process to recover magnet REE from phosphogypsum, a waste by-product from phosphoric acid production. This eliminates many of the costs, risks and long timescales associated with traditional hard rock mining projects.

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

Front cover image:

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

OVERVIEW

RRE AT A GLANCE



CEO'S STATEMENT

Our technology can unlock a global opportunity for a low-cost and responsible supply of Rare Earth Elements from phosphogypsum

Read more on page

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UBERABA

We have the opportunity to replicate Phalaborwa at a larger scale.



MARKET REVIEW

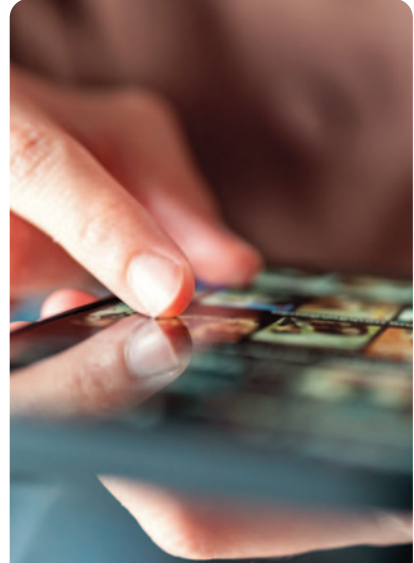
Rare earth demand is forecast to grow by 3.2% per annum from 222kt REO in 2026 to 344kt by 2040.

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CORPORATE GOVERNANCE

The Board is fully committed to ensuring that high standards of governance, values and behaviours are consistently applied throughout all our activities, helping to ensure the integrity of our business, the successful delivery of our strategy and the long-term success of the business as a whole.

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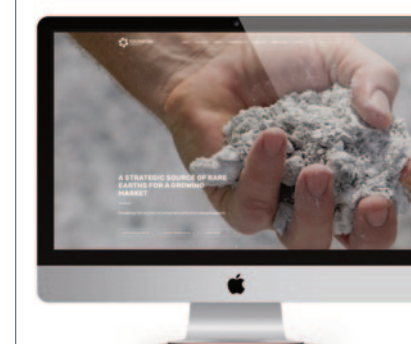
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Visit us online >

For the latest news and information on our activities check out our website to stay up to date: www.rainbowrareearths.com

RAINBOW HAS DEVELOPED A LOW-COST, LOW-CAPITAL-INTENSITY SOLUTION TO RECOVER REE FROM PHOSPHOGYPSUM USING OUR OWN IP.

THIS UNLOCKS A GLOBAL OPPORTUNITY FOR THE RESPONSIBLE, SECURE SUPPLY OF REE FROM PHOSPHOGYPSUM, A WASTE PRODUCT OF PHOSPHORIC ACID PRODUCTION.

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 globally. Rainbow is also partnering with organisations focused on sedimentary phosphate sources, where rare earths are naturally concentrated in phosphoric acid plants and could be amenable to extraction.

Phosphate is mined to produce phosphoric acid



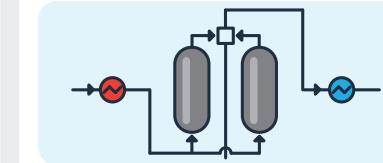
Hardrock carbonatite phosphate sources contain rare earths which are concentrated and fed to the phosphoric acid plant

Phosphogypsum is the by-product



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

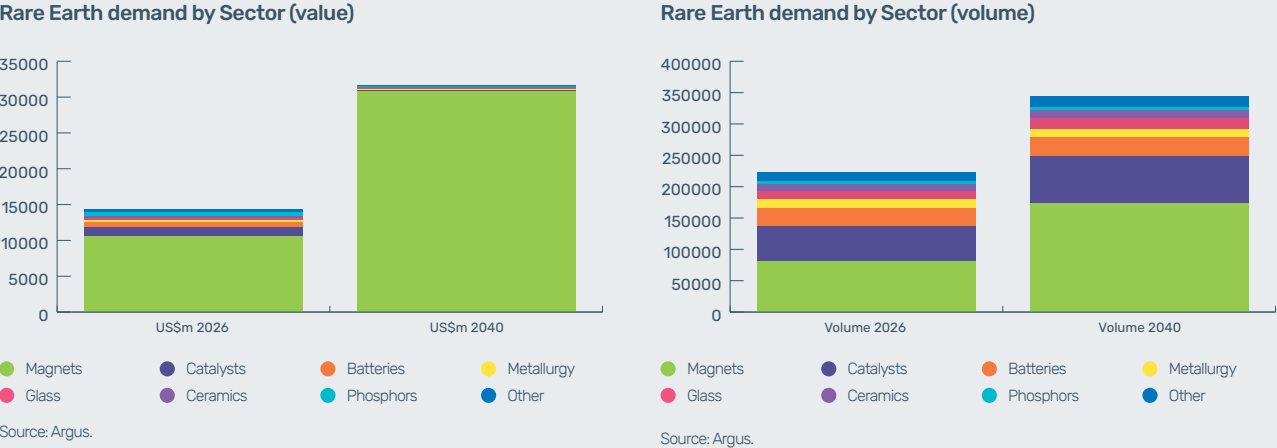


The process is expected to have a low capital and operating cost intensity due to the chemically cracked nature of the gypsum feed stock

Rare earth elements have unique electrical and magnetic properties which allow for miniaturisation and much lighter, stronger, resilient and efficient components. They have transformed the consumer electronics market, enabling the high-tech products so integral to our lives. They are key in the move towards global decarbonisation, forming a vital component of permanent magnets used in electric vehicles and wind turbines. Both of these markets continue to grow as we transition towards a greener economy.

They have also allowed for the rapid developments we have seen in robotics and advanced air mobility as well as being essential to next generation applications in defence. China still controls c. 70% of rare earth mining and c. 90% of downstream rare earth processing and manufacturing, creating a supply chain vulnerability. This has been highlighted with the introduction of export controls over the last year and led to an increased drive by Western Governments to securing supply chain independence.

The rise in use of rare earth permanent magnets is the key driver for the industry. Argus Media ("Argus") forecasts that the magnet sector will grow from 40% of total rare earth demand by volume in 2026 to 53% by 2040. In US dollar value terms the impact is greater - from 74% in 2026 to 97% by 2040.



RAINBOW IS UTILISING ITS STRATEGIC ADVANTAGES TO DEVELOP A RESPONSIBLE SUPPLY OF CRITICAL RARE EARTHS



DEVELOPING A RESPONSIBLE RARE EARTHS SUPPLY CHAIN

STRATEGIC REPORT

- 06 Chairman's Statement
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The International Energy Agency forecasts that wind electricity capacity will need to increase from ca. 75 GW in 2022 to ca. 350 GW by 2030 in order to stay on track with the Net Zero Emissions 2050 Scenario

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 2026 ("FY 2026" or the "Year") has been another defining period for the rare earth industry, building on the seismic shifts of 2025 and confirming that REE security has become a permanent fixture of national economic and defence policy, rather than a passing concern. REEs are essential to both national security and economic resilience. They are found in the products we rely on every day, and in the emerging and advanced technologies that will define the decades ahead, from electric vehicles and robotics to defence systems and the wider green energy transition.

The export controls China put in place last year exposed the fragility of the global supply chain, and over the course of this Year that fragility has been tested repeatedly. Each test has reinforced the same conclusion: the West's dependence on a single source for these critical minerals is a strategic vulnerability it can no longer afford to tolerate.

The biggest impact of the stop-start pattern we saw last year on the supply side has been felt in pricing, where a genuine bifurcation has now taken hold between heavy rare earth element prices inside China and those available to buyers who need ex-China material. That divergence is, in my view, the clearest single measure of how seriously the market now takes the risk of relying on China alone, and it has set the terms for much of what governments and industry have done in response over the course of the Year.

That response has gathered real momentum. The landmark deal that saw the U.S. Department of War (DoW) form a public-private partnership with MP Materials to build a domestic rare earth permanent magnet supply chain has been followed by further, larger commitments: an expanded DoW partnership supporting new magnet manufacturing capacity in Texas, a separate US\$96 million Pentagon agreement with Australia's Lynas, and, most recently, the White House's announcement in August of US\$3 billion of support for U.S. critical minerals supply chains. Alongside this, we have seen price floor mechanisms introduced that have created a new, stable base accepted by Western buyers, allowing the supply chain to develop on a commercially viable footing outside of China for what is essentially the first time.

Stockpiling, too, has moved from policy discussion to active implementation this year, something Rainbow has been advocating for since long before it became conventional wisdom. The EU has advanced plans for strategic reserves of REE and tungsten under its Critical Raw Materials Act, Japan has continued to expand its own stockpile, and Australia has confirmed REE as a priority for its own critical minerals reserve. Taken together, these steps signal that Western governments now regard assured physical supply, and not simply price, as a matter of state.

Against this backdrop, the case for new, diversified, responsibly produced sources of REE outside China has never been stronger. Our strategy, to develop low-cost, low-capital-intensity projects that recover REE from phosphogypsum, a by-product from the production of phosphoric acid, using our own intellectual property, rather than through conventional hard-rock mining, positions us well to benefit from this structural shift.

Over the course of the year our understanding of the process to extract REE from phosphogypsum has increased substantially. The key value driver has always been getting the flow sheet right, so that it can in time be rolled out to other phosphoric acid opportunities globally. This is the true value of our business. We are now close to finalising our flow sheet, creating unique IP to extract valuable REE from a waste product. The decision to move our second project Uberaba into Pre Feasibility is the first step in using our IP to unlock this global opportunity.

As we continue to drive our projects forward we have strengthened the team charged with delivering on this opportunity, with the appointments of James Beams to the Board and Brent Holme as Environmental, Social and Sustainability (ESS) Manager. In a further step to unlock shareholder value, we announced during the Year that we are evaluating a US listing, introducing the Rainbow story to a wider pool of investors as we move into our next phase of growth.

On behalf of the Board, I would like to thank our management team, our partners and our shareholders for their continued support through what has been a demanding but genuinely productive Year for Rainbow and for the industry as a whole.

ADONIS POUROULIS
NON-EXECUTIVE CHAIRMAN

20 October 2026

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



Dear Shareholder,

FY 2026 has been a year of evaluating and optimising the process flow sheet at Phalaborwa to ensure that we have the fundamentals right. While we do not use any novel processing steps, we will be the first company to deliver a low-cost, low-capital-intensity, commercial solution to recover REE from phosphogypsum, a by-product from the production of phosphoric acid, a source that has been studied since the 1980s.

The decision that shaped the year more than any other was establishing our own world-class laboratory in Johannesburg. Previously, the test work was outsourced, and outsourcing means queuing: samples go out, results come back weeks later, and every iteration of the flow sheet costs you a slot in someone else's schedule. Bringing that capability in-house let us run a far higher volume of test work than we could otherwise have afforded, and to do it on our own accelerated timetable. The result was a much deeper understanding of the underlying chemistry, and the ability to move faster precisely because we understood the process better.

This mattered because phosphogypsum is not a straightforward feedstock. It has presented unique challenges that our team has spent the year methodically working through. Our focus throughout has been on getting the process right before we commit to building it.

Having our own laboratory meant we could quickly get to the root of issues and address challenges, rather than discovering them later, at greater cost, during commissioning. This has been evident with the commissioning during the year of our pilot plant, bringing the individual elements of the process together into a continuous circuit. I will be candid: this has taken longer than we originally expected but, getting this right has always mattered more to us than getting there fast, and we are now genuinely confident in the process we are finalising. We have now reached the point where our laboratory can consistently produce a high-grade rare earth solution suitable for separation, with 75% of the flow sheet at a confidence level that allows us to proceed to DFS level engineering.

We originally believed continuous ion chromatography (CIC) would be a more efficient route to delivering separated Nd, Pr, Dy and Tb. Test work carried out with our CIC technical partner did not deliver the expected results, leading to two important decisions. First, to undertake test work in our own laboratory so that we could understand those shortcomings properly. Second, on the back of our own testing, to switch to using solvent extraction (SX) for separation, the global industry standard, to produce separated NdPr oxide and SEG+ carbonate.

We have taken the time to choose the right technical partner for our SX circuit: Neo Performance Materials, a company with deep operating experience in rare earth separation and magnet materials, is a leading business in this sector. With this decision made, the final piece of the process has fallen into place, subject to signing of binding agreements. This will be coupled with a long-term offtake agreement with Neo to deliver our NdPr and SEG+ products at market competitive rare earth pricing. I am delighted that one of the leading Western companies in the advanced industrial material sector has backed our project to deliver.

Initial standalone SX bench and pilot test work to validate the final step in our process is already underway at Neo's facility in Estonia using high-grade rare earth solution from Phalaborwa. An integrated pilot plant for the SX separation circuit will then be operated in our Johannesburg laboratory to underpin the engineering and design for the Definitive Feasibility Study (DFS). This will push completion of the DFS back into 2027. Rather than let this flow through to the overall project timeline, we will complete a Pre Feasibility Study (PFS), targeted to be published in Q4 2026, supported by the current test work. The PFS will define the final products, processes and the waste streams with sufficient certainty to begin financing and restart permitting workstreams in earnest.

Permitting has long been highlighted as a critical path item for this project. With Brent joining the team as ESS Manager, we are positioned to advance the permitting process in parallel with finalising the DFS, keeping overall project momentum intact. South Africa has a well-established permitting timeline, which does not need to wait for a DFS to be completed. Every month we can bring it forward is a month gained.

The Uberaba Project in Brazil, in joint development with partner The Mosaic Company, has been the second major thread of the Year. The completion of a positive economic assessment, in record time, was a direct dividend of the work we had already done at Phalaborwa and the capability we had already built in our laboratory; we did not need to relearn the chemistry from scratch. The assessment demonstrates that our model scales: a larger project than Phalaborwa, built on the same low-cost thesis. The signing of the joint development agreement with Mosaic, and the start of the PFS that followed it, are the next concrete steps in advancing our second project alongside our first.

None of this changes how we run the business day to day. We will continue to keep corporate overheads low, so that the funds we raise are spent on progressing Phalaborwa and Uberaba.

The Gakara project in Burundi has remained on care and maintenance throughout the Year, at the request of the Government of Burundi. We continue to keep costs low as we work towards a resolution with the Government.

I extend my deepest appreciation to our stakeholders for their steadfast support and to our exceptional technical team, whose dedication has propelled us to where we are now. I remain convinced that Rainbow is positioned to unlock a low-cost, responsible supply of rare earth elements, with ESG benefits that few others in this industry can claim; we are turning legacy waste into the inputs that critical green technologies depend on. We have now proven our model scales at precisely the moment the world has decided that security of rare earth supply cannot be left to chance.

GEORGE BENNETT
CHIEF EXECUTIVE OFFICER

20 October 2026

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, which allow for miniaturisation and much lighter, stronger, resilient and efficient components.

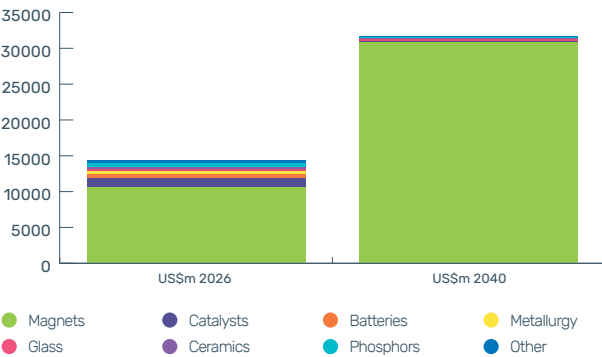
The four REE that represent the majority of the value in the REE market are Nd, Pr, Dy and Tb (the “Magnet REE”) due to their function in rare earth permanent magnets (“REPM”). REPM are inputs in many of the goods that underpin society, including consumer electronics, construction and the traditional automotive industry. REPM are also critical to more advanced manufacturing sectors, including EVs, wind turbines, modern defence, robotics and drone technology. These applications anchor durable, growing demand for rare earths, underpinned by decarbonisation and automation.

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.

Market size
Rare earth demand is forecast to grow by 3.2% per annum from 222kt REO in 2026 to 344kt by 2040. Whilst cerium and lanthanum currently represent c. 50% of REE demand with significant uses in the glass industry and catalysts, they represent only 1.5% of the current market by value and their economic share is forecast to drop further.

The magnet sector represents the key demand driver for the industry, with forecast growth of 5.6% per annum compared to 1.3% per annum for all other rare earth demand. Argus Media (“Argus”) forecast the magnet sector to grow from 74% of RE demand by value in 2026 to 97% in 2040. As the Magnet REE have uses outside REPM, the dominance of these elements in the overall REE market is even more pronounced. Put simply, magnets and the Magnet REE are increasingly the whole story of rare earth demand.

Rare Earth demand by Sector (value)



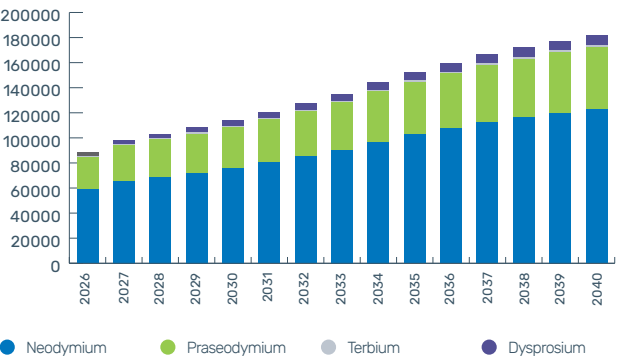
Rare earths demand value by application, 2026 and 2040 – source: Argus.

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, alongside yttrium.

Demand drivers
REE demand continues to grow with demand for REPM and Magnet REE the dominant driver. REPM are widely used in many everyday items including smart phones, speakers, microphones, computers and conventional vehicles. REPM are also widely used in the construction industry in heating, ventilation and air conditioning (HVAC) and elevators, with wide use also seen in medical devices, defence and aerospace applications. Long-term demand drivers include industrial automation, electric vehicles, off-shore wind energy, and the rise in robotics and advanced air mobility including drones.

Analysts forecasts that EVs and off-shore wind will form the primary drivers for REPM demand growth, with new applications such as robotics and advanced air mobility expected to add further demand growth in the 2030's.

Magnet REE demand (t REO)



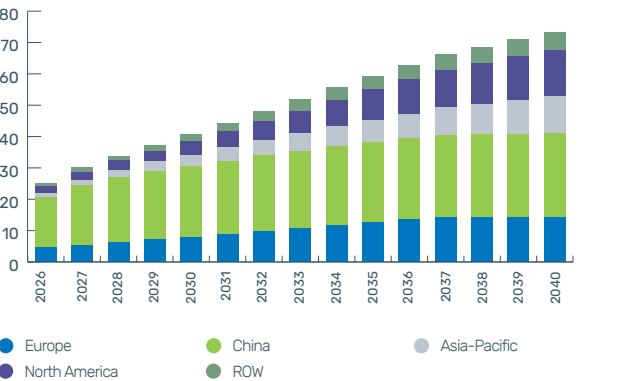
Magnet REE Forecast Demand Growth, 2026 to 2040 – source: Argus.

Electric vehicles
Growing global EV adoption has made EVs the dominant demand driver for REPM, with Argus forecasting that 63% of REPM demand in 2026 relating to the sector. REPM demand in EVs is forecast to grow from around 52kt REO in 2026 to some 116kt REO by 2040, with EVs share of total magnet demand peaking at 67% around 2028 before easing back to 61% by 2040 as offshore wind and, later, robotics take a growing share of magnet demand.

Argus forecasts global EV sales (BEV and PHEV) to reach 73m units by 2040, revised higher after stronger-than-expected uptake in Asia-Pacific ex-China and Latin American markets. While China remains the largest EV market, its share of global sales is expected to fall as its market matures.

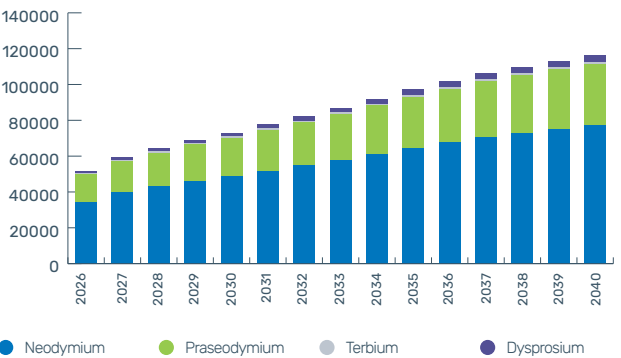
A typical EV uses 2-5kg of REPM depending on design, with EV's consuming some 3-4 times the amount used in a conventional internal combustion engine vehicle. A 3kg REPM contains c. 1kg of rare earth elements. At a cost of US\$110/kg for NdPr this is a small part of the cost base for the full vehicle, with security of supply cited as a more important factor by some commentators.

Global EV sales by region, millions, 2026-2040



Global EV sales forecasts by region – source: Argus.

Rare Earth demand in EV magnets (t REO)



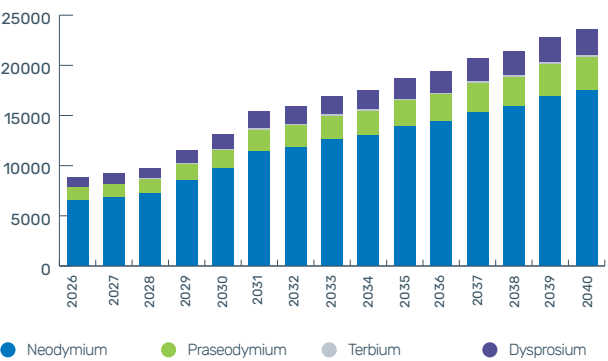
Rare earth demand in EV magnets – source: Argus.

Wind turbines

The increasing use of REPM direct-drive generators in wind turbines remains a key demand driver for Magnet REE, and one where the rare earth intensity of a turbine is largely a function of drivetrain design rather than installed capacity alone: offshore turbines, which are overwhelmingly direct-drive, translate into disproportionately high magnet demand per MW installed relative to onshore wind.

2024 was itself a record year for the wind industry globally, with the Global Wind Energy Council ("GWEC") reporting 117GW of new capacity installed, taking cumulative installed capacity to 1,136GW. Offshore wind is a much smaller market, and additions can be volatile, dependent on permitting, auctions and interest rates, but the sector is forecast to grow with a CAGR of 14% from 125GW to 790GW in the period to 2040.

Rare Earth demand in wind power magnets 2026-2040 (t REO)



Rare earth demand in wind power magnets - source: Argus.

Robotics

As robotics move beyond the industrial arms into humanoid and mobile service deployments, which favour REPMs for their compactness, precision and energy efficiency, robotics are forecast to take an increasing share of REE demand.

Volumes are expected to remain modest before 2035, but growth in the late 2030s is expected to be additive to, rather than a substitute for, EV and wind demand. Illustrating the scale some forecasters now attach to this: China's humanoid robot output has been projected to reach 59m units by 2050, with a single humanoid robot typically requiring 3.5-4kg of rare earth permanent magnets, and US manufacturer Tesla is on track to unveil a third-generation, mass-produced humanoid robot in 2026.

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.

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.

Supply outlook

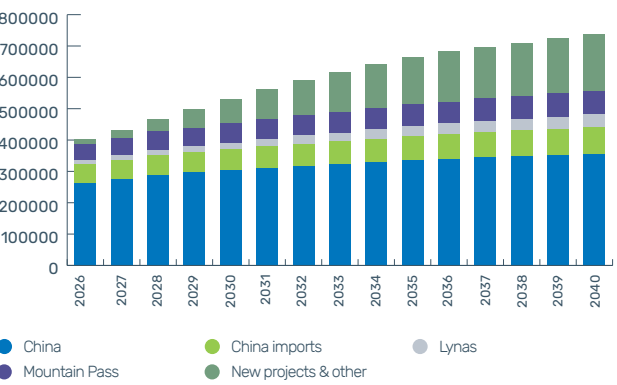
Rare earth production remains dominated by China, accounting for c. 65% of mined output and around 85% of separation capacity globally. China's domestic mined output continues to be supplemented by imported concentrate from Myanmar and Laos, particularly important for heavy rare earth supply.

Since 2024 Chinese quotas have been issued without public disclosure. Since 2025 the quota system was extended to include imported feedstock, preventing local separators increasing production from imported concentrate beyond state quotas. The quota system has been strengthened by Chinese state consolidation of the sector, with two groups: China Rare Earth Group and China Northern Rare Earth Group receiving and responsible for production up to the official quotas. Analysts are not predicting strong Chinese supply growth as a result of the tight state control on the sector.

Lynas Rare Earths and MP Materials remain the only significant rare earth producers of scale outside of China, accounting for c. 16% of total supply in 2026. Argus forecasts that a number of projects will be developed by 2040, accounting for c. 25% of global mine supply.

Supply outlook continued

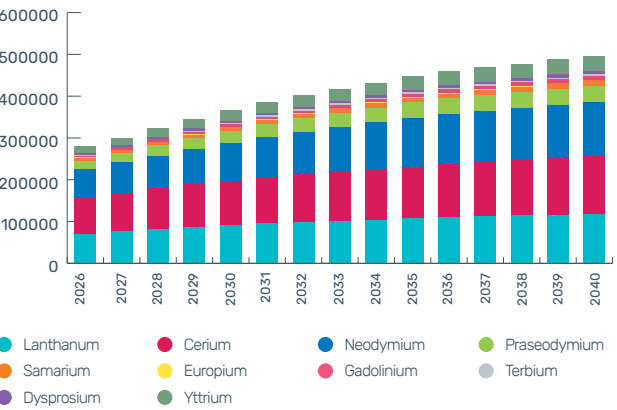
Rare Earth supply by source (t REO)



Argus forecast rare earth supply by source.

As the most abundant rare earths with the lowest value, Lanthanum and Cerium remain oversupplied. Of the Magnet REE, production of NdPr, as the core input to REPM, is expected to expand meaningfully ex China as it is the primary value driver for most rare earth development projects. Dy and Tb, indispensable for maintaining magnetic qualities at high temperatures, are expected to be more structurally constrained and considered to have the highest supply risk.

Rare Earth supply by element (t REO)



Argus forecast REE supply by element.

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

Rare Earth Prices

Chinese trade policy has had a significant impact on rare earth prices in 2025-6. Dual use export controls were imposed for heavy rare earths including Dy, Tb and Yttrium in April 2025, and strengthened further in October 2025. The export controls extend beyond individual elements to oxides, alloys and REPM, which created supply disruption for many global manufacturers, galvanising Government action, significantly by the US.

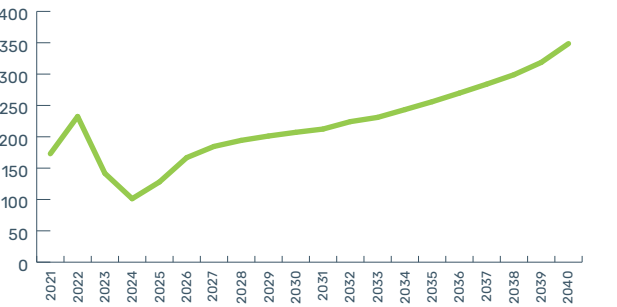
In July 2025 the US Department of War agreed to invest US\$400m in MP Materials for a stake of up to 15% alongside a 10-year price floor of US\$110/kg for MP's NdPr, significantly above the prevailing China benchmark at the time. MP ceased shipping rare earth concentrate to China for separation. Similar price floors have subsequently been agreed with Lynas Rare Earths by both US and Japan. The Chinese domestic NdPr oxide price rose in response and has traded around the US\$110/kg benchmark since early 2026. Argus is forecasting the price of NdPr at or above the US\$110/kg price floor over the medium term.

Argus reports prices for rare earths based on both China and non-China trading. For NdPr, which is not subject to Chinese export controls, these prices have remained largely aligned, albeit Argus is forecasting higher prices ex China to stimulate new production. For the heavy rare earths subject to Chinese export controls, particularly Dy, Tb and Yttrium, a significant bifurcation of prices has developed, with ex-China prices quoted at significant premia to China. Argus are forecasting this bifurcation to endure, with higher prices paid to secure supply for non-China sources of heavy rare earths.

Relevance to Rainbow: The Phalaborwa project will recover both a NdPr oxide and Dy, Tb and Yttrium in an SEG+ carbonate.

At China spot prices reported on 30 June 2026 the in-situ value of the rare earths in the Phalaborwa gypsum is US\$214.69/t, a significant increase from US\$116.28/t reported at 30 June 2025. This is forecast to grow to US\$350/t by 2040.

Phalaborwa in-situ TREO value US\$/t gypsum



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 for all four of the Magnet REE. The operation involves 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, 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 intends to leach the rare earths from the gypsum using a proprietary flow sheet developed at our laboratory in South Africa before using SX technology to deliver high value 99% NdPr oxide and SEG+ carbonate products. The SEG+ product includes the crucial heavy Magnet REE Dy and Tb alongside valuable quantities of Yttrium. Annual production is expected to be c. 1,820tpa of NdPr, together with 60tpa of Dy and 20tpa of Tb within the SEG+, sufficient to support the production of ca. 6,000tpa of REPM over a project life of c. 16 years. In addition, the SEG+ will contain c. 213tpa of Yttrium, added to the defined resource calculations in the Year, delivering value beyond the Magnet REE.

FY 2026 has been the year we resolved the single biggest open question left by last year's Interim Study: the route to final separation. We originally believed that continuous ion chromatography (CIC) would be an efficient separation route. However, test work carried out with our CIC technical partner did not deliver the expected results, and following independent work in our own laboratory we concluded that conventional solvent extraction (SX) technology provided the optimal route for the project, with Neo Performance Materials now selected as SX partner.

Apart from delivering products vital to global decarbonisation, Phalaborwa has strong environmental credentials in reducing legacy risks from the previous operations on site, with ESG parameters integral to the development and operating plan.

Phalaborwa is a unique project in offering a near-term and responsible source of the REE essential to both national security and economic resilience. By extracting rare earths from secondary sources, Phalaborwa offers an improved cost profile compared to the global peer group. These credentials have seen strong backing from 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 the opportunity.

This backing extends to Neo Performance Materials, a world leader in rare earth separation and magnet materials, selected as Phalaborwa's technical partner for the SX circuit. Neo's confidence in the project is underlined by their reliance on Phalaborwa's offtake, aligning the positive SX partnership with the success of both companies.

Rainbow 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. During the Year, the final exercise date for the option was extended by mutual agreement to 30 June 2027.

Background to Phalaborwa Phosphogypsum

The original source rock for the phosphoric acid operations was a hard rock 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, creating a phosphogypsum waste residue. The hard rock carbonatite contained rare earths, albeit not at a sufficient grade for a standalone rare earth mine to be developed. However, the processes it underwent served to concentrate the rare earths, resulting in higher concentrations in the phosphogypsum waste residue than in the original hard rock.

This phosphoric acid production process also subjected the material to sulphuric acid and heat, leading to the majority of the rare earths in the Phalaborwa phosphogypsum being in "cracked" chemical form. These "cracked" rare earths are amenable to direct acid leaching, allowing Rainbow to recover these using our proprietary flow sheet. With no need for hard rock mining, crushing, milling or a dedicated cracking plant, Phalaborwa is expected to have a significantly reduced capital and operating cost intensity compared to traditional hard rock mining REE projects.

Annual EBITDA \$192m

75%

Operating Margin indicated in the Interim Study

PHALABORWA

CONTINUED

Robust economics

Rainbow published the Interim Study in December 2024, validating the project's robust economics at that time. The Interim Study delivered a post-tax NPV10 of US\$610.9 million, a post-tax IRR of 38% and a payback period for the US\$326.1 million capital cost estimate of c. two years. The project was confirmed as a low-cost producer, with an average production cost of US\$40.83/kg magnet REO, equating to an operating cost of US\$12.91/kg TREO when including lower-value non-magnet REE for which revenue was excluded from the economic assessment. This low operating cost profile means Phalaborwa is expected to be resilient to the rare earth price cycle.

Rainbow is completing a PFS for Phalaborwa, expected in Q4 2026, which will incorporate a number of significant changes to the proposed flow sheet used as the basis for the Interim Report. Some of these changes, such as the simplification of the leach circuit, are expected to reduce both capital and operating costs. Other changes, such as the introduction of SX in place of CIC, will likely result in increased costs. Overall, Rainbow expects Phalaborwa to remain a low capital intensity source of Magnet REE with low operating costs ensuring it remains resilient across the rare earth price cycle.

Phalaborwa's positive impacts

As part of the circular economy, Phalaborwa is expected to deliver many benefits beyond the recovery of Magnet REE from phosphogypsum stacks that are currently a waste pile in need of environmental rehabilitation.

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

The primary waste product from Rainbow's process flow sheet is gypsum, deposited on new stacks lined 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, under which they will acquire the gypsum and sell it for local agricultural and industrial use. This is expected to see the Phalaborwa stacks eventually fully depleted, allowing complete environmental rehabilitation of the site alongside a positive socioeconomic effect on local industry.

Rainbow is also finalising opportunities to source key reagents from waste products generated by other operations local to the Phalaborwa site, minimising both costs and emissions.

Update on operations

The 2024 Interim Study highlighted a number of opportunities for further cost optimisation, and the Company's main objective over the last year has been completing the test work needed to deliver the optimal economic flow sheet for the project's long-term success.

Our own laboratory

The Company took the decision to establish its own in-house laboratory facilities in Johannesburg, placing this critical optimisation work directly under Rainbow's control rather than queuing for slots with outsourced testing providers. Bringing this capability in-house let the team run a far higher volume of test work, on Rainbow's own timetable, and build a materially deeper understanding of the underlying chemistry.

Rainbow's flow sheet continues to be built around an initial leach circuit feeding a continuous ion exchange (CIX) recovery circuit, upgrading the rare earths from the phosphogypsum into a high-grade solution suitable for separation. The test work on these elements of the proposed flow sheet is largely complete, with these elements of the flow sheet suitable for the engineering phase of the eventual DFS. This circuit is operating at a pilot scale at our laboratory, consistently producing a high-grade rare earth solution suitable for separation. The pilot plant CIX circuit achieves a ninefold concentration of the REE, reducing solution flow from c. 300m³ per hour from the leach circuit to under 5m³ per hour feeding the SX circuit.

The Interim Study envisaged a large three stage leach circuit with a 32-hour residence time. Test work in our laboratory demonstrated that this circuit could be simplified to a two-stage counter-current leach circuit with an eight-hour residence time, which is expected to reduce both capital and operating costs associated with this element of the processing flow sheet. Replacing hydraulic with mechanical reclamation of the gypsum and incorporating conventional wet stacking of the processed gypsum is also expected to simplify operations.

Resolving the route to final separation

Extensive test work carried out with our CIC technical partner identified a number of issues that could not be timeously resolved. Work in our in-house laboratory resulted in a decision to move separation to solvent extraction (SX), a well-proven, industry-standard technology. The licence agreement for the proprietary CIC technology has now expired and as Phalaborwa's separation circuit will not use CIC no licence fees will be payable.



Following a due diligence process Rainbow has selected Neo Performance Materials as our technical partner for SX, a company with deep operating experience in rare earth separation and REPM manufacturing at their plant in Estonia. Rainbow intends to build a small SX circuit at Phalaborwa to produce a 99% NdPr oxide, suitable for metallisation for magnet alloys, and a SEG+ carbonate, which will contain the Dy, Tb and Yttrium. Our obligation to Neo is to deliver a portion of our NdPr and SEG+ products under a long-term off-take agreement on commercial terms. As one of the leading Western companies in the advanced industrial material sector this off-take demonstrates their confidence that our process will deliver.

While we have made some efficiency savings through the simplifications in the front-end process, the SX circuit is more expensive than the originally envisaged CIC circuit. The impact of the cost savings made compared to the increased cost of the SX circuit and the impact of inflation will be determined in the PFS.

Pathway to production

With 75% of the flow sheet now fixed and suitable for the engineering phase of the DFS, the critical path for Phalaborwa is focused on

the SX test work. Initial standalone bench and pilot SX test work at Neo's facility in Estonia is underway using our high-grade rare earth solution, which is expected to validate the process for the Phalaborwa PFS. To support the DFS an integrated pilot scale operation will be required in South Africa, combining the existing front end pilot plant with pilot scale SX. This will delay delivery of the DFS to H1 2027, which is why Rainbow has elected to publish a PFS first to maintain project momentum.

The PFS is expected to provide sufficient data on the processes and waste streams to accelerate permitting workstreams, which are not dependent on DFS level costing. Brent Holme has recently joined the team as ESS Manager and will lead the Phalaborwa permitting process. South Africa has a well-established permitting timeline, which is expected to allow the overall project timeline to remain intact despite the delay to the DFS.

In parallel, Rainbow is positioned to commence the project finance process. Off-take contracts, including the Neo agreement, will form an integral part. Subject to permitting and financing, project construction is now expected to commence in 2028 with first production in 2029.

UBERABA

BRAZIL

THE OPPORTUNITY TO REPLICATE PHALABORWA AT A POTENTIALLY LARGER SCALE

Overview

Uberaba is Rainbow's second phosphogypsum-to-rare-earths project and applies the same core technology being developed at Phalaborwa to a larger opportunity in Brazil. The project is being advanced in partnership with Mosaic, the global fertilizer company, whose existing phosphate operations at Uberaba, in Minas Gerais state, produce the phosphogypsum feedstock. Mosaic contributes the site, the feedstock and its operating platform, and Rainbow contributes the rare earth extraction technology and expertise developed through its own work at Phalaborwa.

The scale of the opportunity is materially larger than Phalaborwa, with an expected throughput of c. 2.7 million tonnes per annum of phosphogypsum. Uberaba is targeted to produce c. 1,900 tonnes per annum of separated NdPr oxide alongside c. 650 tonnes per annum of SEG+ carbonate over a project life currently modelled at c. 30 years with the potential to extend this further due to the long-life nature of the underlying phosphate operations.

A positive economic assessment, delivered at pace

On 11 March 2026 Rainbow and Mosaic published a positive economic assessment for Uberaba delivering a post-tax NPV10 of US\$916 million, a post-tax IRR of 45% and average annual EBITDA of US\$217 million over the modelled 30-year life. Sales revenue was based on Chinese reported spot rare earth prices published by Argus on 5 March 2026 assuming 100% payability for NdPr and 70% payability for SEG+ carbonate. The capital expenditure of US\$279 million had a payback period of just 1.7 years.

The Uberaba economic assessment was developed based on Rainbow's deep, in-house understanding of recovering rare earths from phosphogypsum developed from the work at Phalaborwa and the Johannesburg laboratory. The result was a positive economic assessment delivered in record time, validating the repeatability of the Phalaborwa business model.

Joint Development Agreement with Mosaic

Alongside the economic assessment, Rainbow and Mosaic signed a Joint Development Agreement on 11 March 2026, setting out a phased path to jointly developing Uberaba:

- **Phase 1** – a PFS, which commenced in September 2026 with SRK Consulting appointed to complete a mineral resource estimate. The PFS is targeted to be completed in 2027.
- **Phase 2** – subject to the positive outcome from the PFS, a DFS would occur in parallel with the establishment of a formal joint venture company in which Mosaic would hold 51% and Rainbow 49% subject to final negotiation of terms.
- **Phase 3** – FID, construction and production.

Taken together, the economic assessment, the signing of the JDA and the commencement of the PFS mark a rapid sequence of concrete milestones for Uberaba inside a single calendar year, and position Brazil as a genuine second pillar of Rainbow's growth alongside Phalaborwa.

"Uberaba is expected to demonstrate the value of Rainbow's proprietary IP across other phosphogypsum projects, with the potential to deliver near-term REE production in the lowest-cost quartile."

GEORGE BENNETT
CHIEF EXECUTIVE OFFICER

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. Costs associated with research into the recovery of rare earths from phosphogypsum that do not relate to a single project are expensed as research costs. The Board and management focus on maintaining tight control of costs, including corporate overheads, ensuring that funds raised go towards building value across our portfolio to the maximum extent possible.

During FY 2026 the Group invested US\$0.9 million in exploration and evaluation costs to progress the Phalaborwa project in South Africa (FY 2025: US\$1.6 million). 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 (FY 2025: US\$0.8 million) including US\$0.3 million (FY 2025: US\$0.5 million) of capital expenditure. A further US\$0.1 million (FY 2025: 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.

In FY 2026 the Group raised gross proceeds of US\$14.7 million (before costs of US\$0.7 million) through a share placing completed in April 2026, issuing 55.4 million new ordinary shares at 20 pence per share (FY 2025: US\$10.0 million raised, comprising a US\$1.5 million equity placing and US\$8.5 million of proceeds from the Ecora royalty financing). As a result, cash at 30 June 2026 increased to US\$12.9 million (FY 2025: US\$3.9 million).

Profit and loss account
The Group reported a loss of US\$7.5 million for FY 2026 (FY 2025: US\$3.2 million) with the increase driven by a US\$3.0 million fair value loss on revaluation of the Ecora royalty liability (FY 2025: a US\$1.2 million fair value gain). As flagged in last year’s Annual Report, the FY 2025 gain arose from a temporary fall in forecast rare earth prices and was expected to reverse as pricing recovered.

Research costs associated with the Group’s rare earth laboratory in Johannesburg rose to US\$0.5 million (FY 2025: US\$0.3 million) consistent with the increased pace of IP development work carried out in-house during the Year. 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

Administration expenses were stable at US\$3.8 million (FY 2025: US\$3.8 million), with a fall in the non-cash share-based payment charge off-setting inflationary increases. Costs associated with maintaining the Gakara project on care and maintenance, recognised within administration expenses, reduced to US\$0.2 million (FY 2025: US\$0.3 million).

Excluding the non-cash change in fair value of the Ecora royalty, net finance costs reduced to US\$0.1 million (FY 2025: US\$0.3 million).

Balance Sheet
The Group’s assets are dominated by the cumulative US\$18.3 million relating to the Phalaborwa asset, capitalised as an intangible asset in accordance with IFRS 6 (FY 2025: US\$17.4 million), of which US\$0.9 million was incurred in the Year (FY 2025: US\$1.6 million). Tangible fixed assets increased to US\$0.6 million (FY 2025: US\$0.5 million) driven by continued investment in the Johannesburg laboratory facility.

The Group’s liabilities are dominated by the Ecora royalty liability, measured at fair value through profit and loss, which increased to US\$10.3 million at 30 June 2026 (FY 2025: US\$7.3 million). The increase in value reflects higher rare earth prices forecast following a price correction in the Year. The Group’s cash borrowings remain modest, represented by the FinBank loan in Burundi which is due to be fully repaid in April 2027. With the exception of indirect taxes and contributions payable under the Gakara mining convention, which are not being settled during the ongoing suspension of Gakara operations, the Group continues to pay all trading liabilities as they fall due.

The Group has 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 or Uberaba projects as the Group does not yet have legal ownership of any land associated with the projects.

Going Concern
At 30 June 2026, the Group had cash of US\$12.9 million. The Board has reviewed cash flow forecasts for the 18-month period to 31 December 2027, including reasonably possible downside scenarios. The base case forecast includes total cash outflow of US\$14.8 million over the period, comprising: corporate costs of US\$5.3 million (including US\$0.3 million on new business development); US\$5.4 million for the Phalaborwa PFS, DFS and permitting workstreams; US\$1.0 million of research costs associated with the in-house laboratory; US\$1.7 million for the Uberaba PFS; US\$1.1 million for the project team delivering both studies; and US\$0.3 million for ongoing care and maintenance at Gakara.

Management’s reasonably plausible downside scenario includes a total cash outflow of US\$20.1 million, which also allows for a further US\$0.4 million of contingency for general corporate costs and inflation, US\$0.4 million of additional business development costs, and US\$4.6 million for further progression of the Phalaborwa project, including early FEED, operational readiness work, site works in H2 2027 ahead of construction and a further US\$0.4 million contingency thereon.

The forecast confirms that the Group will need to raise additional funds before 31 December 2027 under all scenarios, with funding expected to be required in Q3 2027. Further funds may also be required to advance the Group’s evaluation of a potential US listing; the base case includes US\$0.1 million of associated evaluation costs but excludes the more significant costs of completing a listing, which are expected to be met from the resulting fundraising proceeds.

The Board is confident that this funding will be secured, based on the Group’s 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.

Post Balance Sheet Events
On 7 August 2026, the Company issued 2,683,334 new ordinary shares: 2,000,000 shares to Pipestone Capital Inc. (in which CEO George Bennett has a beneficial interest) on exercise of warrants at 4.55 pence per share; 583,334 shares to Non-Executive Directors under the Company’s Restricted Share Unit scheme; and 100,000 shares on exercise of other employee options.

PETE GARDNER
CHIEF FINANCIAL OFFICER

20 October 2026

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).

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

US\$'000	FY 2026				FY 2025			
	United Kingdom	South Africa	Burundi	Total	United Kingdom	South Africa	Burundi	Total
Payroll tax	308	301	-	609	125	239	9	373
Net VAT	18	1	2	21	30	(71)	3	(38)
Total net payments to government	326	302	2	630	155	168	12	335

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.

DEVELOPING A RESPONSIBLE SUPPLY OF CRITICAL RARE EARTHS

Our approach to sustainability

Sustainability is not a separate strand of Rainbow’s strategy; it is the strategy. Our entire business case rests on recovering critical rare earths from secondary sources rather than primary ore, which is itself an environmental and social choice as much as a commercial one. How well we execute on sustainability, governance and community commitments will shape whether Phalaborwa succeeds not just as a project, but as the kind of project the market, our lenders and our host communities are willing to back.

This section sets out our approach to sustainability across four pillars: Responsible Business, Creating Value, Focus on Secondary Sources, and Environmental Integration. Together they cover how we govern ourselves and treat our people; how we engage the communities and supply chains around us; how our core technology turns industrial waste into a resource; and how we manage our environmental footprint and climate-related risk, including our disclosures against the Task Force on Climate-related Financial Disclosures (TCFD) framework.

FY 2026 has been a year of building foundations rather than declaring outcomes. Rainbow appointed its first dedicated Environmental, Social and Sustainability Manager, (ESS Manager) Brent Holme, in July 2026. Several workstreams remain in progress, including the Phalaborwa materiality assessment, sustainability Key Performance Indicators (KPIs) and targets, and our climate disclosure programme. Where this is the case, we have said so plainly.

Our four pillars remain those first set out in Rainbow’s Sustainability Policy in October 2023 and reported against in the FY 2025 Annual Report: Responsible Business, Creating Value, Focus on Secondary Sources, and Environmental Integration. We have kept this structure unchanged for FY 2026, both for consistency of reporting and because the underlying priorities have not shifted. These pillars were established through the Company’s Environmental, Social and Governance (ESG) strategy and reflect management and Board judgement at that time, informed by general sustainability practice rather than a formal materiality assessment specific to any one project. A formal materiality assessment for Phalaborwa remains outstanding; once complete, it will allow us to test and, if needed, refine this pillar structure against Rainbow’s own confirmed stakeholder priorities, rather than treating it as fixed indefinitely.

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



Our contribution to the global agenda

Rainbow supports the vision set out in the United Nations Sustainable Development Goals (SDGs), a shared blueprint for ending poverty and inequality, protecting the planet, and securing peace and prosperity for people now and in the future.

Three SDGs are currently identified as most relevant to our business. We will keep this alignment under review as the Company evolves, and expect the goals selected to be revisited over time.

During the year, the Company considered whether to extend its alignment to include SDG 13 (Climate Action) and SDG 15 (Life on Land), given Phalaborwa’s climate-related workstreams and its proximity to the Kruger National Park. The Company concluded that a substantiated alignment claim for either goal is not yet supportable: the Life Cycle Analysis and operational carbon baseline that would evidence a genuine climate contribution are not yet complete, and the biodiversity baseline for Phalaborwa has not yet been completed via the Environmental and Social Impact Assessment (ESIA). Rainbow will revisit alignment to SDG 13 and SDG 15 once this evidence exists, rather than claim alignment in advance of it.

Chosen SDG	Description	Reason for Rainbow alignment
	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work	Rainbow’s approach to producing critical rare earths from secondary sources, in an environmentally responsible way, is intended to create economic value while supporting growth and development, particularly through local supply chain support and job creation
	Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation	Proprietary technological expertise allows Rainbow to process rare earths efficiently. These rare earths are an essential building block for permanent magnets, which in turn underpin critical sustainable infrastructure and environmentally sound technologies such as wind turbines and electric vehicle (EV) motors
	Ensure sustainable consumption and production patterns	By producing rare earths from secondary sources, which would otherwise be considered waste material, the Company aims to be part of a circular economy. This supports the rehabilitation of historical environmental degradation and avoids the carbon emissions and other environmental impacts typically associated with traditional rare earth mining

Sustainability Governance and Management

Rainbow’s sustainability commitments are set out in the Company’s Sustainability Policy and are governed through dedicated Board-level oversight. It is available on our website at <https://www.rainbowrareearths.com/about/corporate-governance/company-policies/>.

- Sustainability is a recurring item on the Board’s agenda, reflecting its importance to how Rainbow operates. To support this, the Board has established a dedicated Sustainability Committee, which includes the CEO. It leads on:
- Developing and reviewing the Group’s sustainability-related policies, frameworks and guidelines, including how Rainbow manages its environmental and social impacts;
 - Overseeing delivery of the Group’s sustainability strategy, so that commitments made translate into action rather than staying on paper; and
 - Identifying where strengthening the Group’s approach to responsible business protects and builds its licence to operate over the long term.

Following the appointment of the ESS Manager the Sustainability Committee will meet to set priorities for the year ahead.

Integrating ESG considerations into strategic decision-making is fundamental to how Rainbow operates, and sustainability risks and opportunities are assessed as part of the Company’s broader risk management framework.

RESPONSIBLE BUSINESS

OPERATING IN A SAFE, SUSTAINABLE AND RESPONSIBLE WAY



Governance, ethics and values

Good governance, transparency, accountability and effective risk management underpin how Rainbow conducts business. The Company's Code of Conduct sets out the principles of ethical conduct and standards of behaviour expected of all employees and stakeholders, including anti-bribery and corruption, conflicts of interest, business competition, and responsible supply chain conduct; breaches are reportable to the CEO or CFO, with the option to refer serious matters to the Board.

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

Rainbow's Whistleblowing Procedure allows anyone connected to the Company, not only employees, but also suppliers, vendors, contractors, consultants, agents, subsidiaries and JV partners, to raise serious concerns about suspected fraud, crime, or other serious risk to the Company or its stakeholders, with protection from retaliation for concerns raised in good faith. No complaints were received under the procedure in FY 2025 or FY 2026.

As the business grows, maturing these procedures is a specific, planned piece of work and will be undertaken in tandem with the overall governance review as part of our US listing evaluation.

Human rights

Rainbow's human rights commitments extend beyond a general policy statement. As a condition of its funding relationship with the United States International Development Finance Corporation (DFC), Phalaborwa is subject to binding Worker Rights Requirements covering disclosure of working conditions and terms of employment, workers' rights to remove themselves from situations they reasonably believe pose a danger, and the flow-down of these standards to contractors. Compliance is monitored on an ongoing basis rather than assessed once.

At Phalaborwa itself, the project's brownfield profile, a chemical processing operation on an existing, fenced industrial site, means no community resettlement is required.

Rainbow's approach follows the UN Guiding Principles on Business and Human Rights and the UN Declaration of Human Rights, and is embedded in the Company's Code of Conduct and Supplier Code of Conduct.

Purpose and values

Rainbow exists to produce the critical rare earths needed for future-facing technologies, in a way that is efficient and responsible. Embedding sustainable development considerations into our corporate strategy and decision-making allows us to create long-term shared value for our stakeholders, guided by our core values:

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

Health and safety

Achieving a zero-harm working environment, and supporting the health of our employees, is our primary safety objective.

We prioritise the safety of our workforce and are committed to implementing and maintaining strong health and safety management systems across our operations.

Our health and safety commitment translates into practice through how incidents are actually handled. This means identifying and acting on workplace incidents, injuries and illnesses before they escalate, providing regular training on health and safety management, and fostering a culture where everyone takes responsibility for their own safety and that of others.

Eight safety incidents were recorded during FY 2026 across Rainbow's test work programmes at our laboratory facility (FY 2025 nil), four of which resulted in lost time. This reflected the start-up nature of the facility, with many staff working in a new operating environment. In response the Company has updated standard operating procedures, revised waste disposal protocols and reissued PPE directives.

Fair employment

Rainbow is committed to fair, responsible employment practices wherever we operate, with due consideration given to diversity, and to providing a working environment built on respect and dignity. As an equal opportunity employer, the Company does not tolerate discrimination against, or harassment of, any employee on any grounds, including race, ethnicity, national origin, age, religion, gender or sexuality, or retaliation. Any instance of discrimination is treated as serious misconduct under the Company's Code of Conduct.

We aim to provide training and skills development opportunities contributing to an effective and engaged workforce. As the business grows towards construction and operation at Phalaborwa we will expand our HR function and provide more detailed employment procedures to reflect the need to support a growing workforce, meet South African labour law requirements and international best practice.

CREATING VALUE

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



Rainbow's contribution to the communities in which it operates centres on local employment, local supply chains, community support, and transparent payment of taxes and royalties. Read more in our Payments to Governments Report on page 21.

Over Phalaborwa's life, the Project is expected to create numerous employment opportunities, with priority given to the local workforce, and Rainbow intends to work closely with local contractors and suppliers to build long-term supply chain solutions from the surrounding area.

Building mutual trust with local communities, and factoring stakeholder considerations into project development decisions, is central to Phalaborwa's long-term success and to the Project's ability to operate within a stable social environment. Stakeholder engagement forms a key part of the ESIA process which we expect to begin following the completion of the PFS. Background and baseline specialist studies, including social and environmental baseline assessments, are already under way.

A Stakeholder Engagement Plan (SEP) has been developed, aligned with South African legislation, the IFC Performance Standards and the Equator Principles. The SEP remains a living document, currently being updated ahead of finalisation, and will continue to be revised as the Project progresses. It sets out a dedicated external Grievance Mechanism for community stakeholders, which covers how grievances can be submitted, recorded, managed and addressed by the Company. This will go live once the public participation process for the ESIA commences.

Partnerships remain central to how Rainbow creates value from Phalaborwa. For example, an MoU has recently been signed for off-take with Neo Performance Materials for a set percentage of planned production at Phalaborwa, providing Neo with a verifiable, secure source of permanent magnet elements. Phalaborwa will continue to leverage its' position as a responsible, traceable source of REE for the emerging international supply chain at a time when Western demand for a reliable, secure supply of REE is increasing.

Responsible supply chain

Rainbow is committed to a responsible rare earths supply chain, both upstream and downstream of our own activities. A responsible approach to sourcing extends beyond Rainbow's own operations to the suppliers and contractors we work with. The Supplier Code of Conduct holds these third parties to the same standards Rainbow applies to itself.

Published at <https://www.rainbowrareearths.com/about/corporate-governance/company-policies/>, the Code 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.

New suppliers are given the Supplier Code of Conduct at the outset of the relationship and asked to confirm they have read, understood, and will comply with the commitments. Serious or unresolved breaches can result in the contract being terminated.

Responsible supply chain management will remain a significant area of focus as the business grows, and our policy and approach will continue to develop accordingly.

FOCUS ON SECONDARY SOURCES

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



Sourcing rare earths from secondary material, rather than mining primary ore, is what allows Rainbow to build a circular economy into its business model, sidestepping much of the carbon footprint that traditional mining carries.

At Phalaborwa, that means reclaiming the phosphogypsum stacks left behind by decades of historical phosphoric acid production and processing this efficiently on a brownfield site thereby not impacting local land use. It also creates a genuine rehabilitation opportunity, working with the site's previous owners to bring unused areas back into a usable state faster than existing closure plans alone would achieve.

Neutralising the acidic water sitting on top of the gypsum stacks is central to that rehabilitation. Once treated, this water will be reused in a closed circuit within the processing plant, cutting the Project's reliance on external sources in a region already under water stress.

Work on optimising and simplifying the primary leach circuit have led to a number of changes which have reduced both capital and operating costs associated with this element of the processing flow sheet, with associated reductions in power and reagent consumption. The most efficient sourcing of key reagents such as sulphuric acid remains a live workstream.

It is proposed that the reprocessed, benign gypsum material, will be deposited onto new paddocks engineered by Epoch Resources (Pty) Ltd to IFC Performance Standards and Equator Principles. That gypsum is in commercial demand from industrial and agricultural buyers. Rainbow has a letter of intent for an offtake agreement with NEXUS to sell the processed gypsum to end users, depleting the new stacks over time.

Because the feed material has already been chemically broken down by decades of prior processing, Phalaborwa is expected to need less energy and fewer reagents than a conventional hard rock mine. Rainbow will conduct a Life Cycle Analysis (LCA), intended to quantify Greenhouse Gas (GHG) emissions across the full production life cycle from mining through to disposal, and to identify where energy use, efficiency or materials could be improved.

Other portfolio opportunities
Rainbow continues to look beyond Phalaborwa for further opportunities to apply its proprietary rare earth recovery technology to secondary phosphogypsum sources globally. A positive economic assessment and the signing of a Joint Development Agreement with Mosaic on the Uberaba stack in Brazil was announced in March 2026. Following this a PFS was initiated – read more on page 18.

The Uberaba stack is a carbonatite-based deposit similar in geology to Phalaborwa, where phosphogypsum retains much of the REE originally present in the phosphate slurry. Carbonatite sources like these carry materially higher REE grades than the sedimentary phosphate ores most global phosphoric acid production actually relies on, which is why Rainbow continues to evaluate carbonatite-sourced opportunities elsewhere as a route to long-term, sustainable growth. Separately, the Company continues to investigate the best technique for extracting REE from sedimentary-sourced phosphogypsum, a much larger resource globally, though technically more challenging to process.

ENVIRONMENTAL INTEGRATION

INTEGRATING ENVIRONMENTAL CONSIDERATIONS INTO STRATEGIC DECISION-MAKING



Integrating environmental considerations into strategic decision-making, at Board and Sustainability Committee level, is central to how Rainbow aims to build a responsible, sustainable supply of critical rare earths. The Company seeks continuous improvement in environmental practice and performance, and to minimise, or avoid where possible, negative impacts on the natural environment relating to climate change, water usage, waste management and biodiversity.

Phalaborwa's location, close to the Kruger National Park, makes the Project's environmental remediation work particularly significant. Neutralising the acid water accumulated on the phosphogypsum stacks is expected to improve groundwater quality, with knock-on benefits for local biodiversity and community health as water quality recovers. Full depletion of the phosphogypsum stacks over time, as the resultant material is sold rather than simply accumulated, is expected to enable full-circle environmental rehabilitation of the site. Once the project is operational, monitoring programmes and KPIs will be established to track progress against baseline.

WSP Africa (Pty) Ltd has been appointed to conduct the ESIA in accordance with South African environmental requirements and IFC Performance Standards, which will inform the Project's Environmental and Social Management System (ESMS). As Phalaborwa moves toward development, Rainbow is committed to developing sound environmental management practices covering resource use, energy, water and waste management, air quality, carbon emissions and biodiversity, with the site's brownfield nature offering real potential for positive impact through rehabilitation rather than just impact mitigation. While the formal ESIA has yet to commence, baseline specialist studies are underway.

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 the environment.

Rainbow is managing a number of workstreams to ensure it can properly address climate change mitigation. These include the planned LCA and ongoing carbon emissions calculations. Scenario analysis and physical risk assessments will also be used to evaluate the impacts of climate change on its operations.

With power requirements of approximately 18MW, as set out in the Interim Study, Phalaborwa remains a relatively low energy-intensity project. Rainbow is evaluating a wheeling agreement to secure low carbon power for the Project.

Rainbow continues to report against the Task Force on Climate-related Financial Disclosures (TCFD) recommendations, though TCFD itself is being phased out in favour of International Sustainability Standards Board (ISSB) aligned disclosure under the International Financial Reporting Standards (IFRS) S1 and S2, with the FCA targeting UK-listed companies move to this basis. Rainbow understands this shift, and gap-mapping of its current TCFD disclosures against the new IFRS S2 requirements is planned to commence in the year ahead.

ENVIRONMENTAL INTEGRATION CONTINUED

TCFD FRAMEWORK

The Financial Stability Board created the TCFD in 2015 to provide consistent guidance on climate-related financial risk disclosure for companies, banks and investors.

Better information on exposure to climate-related risks and opportunities strengthens the stability of the global financial system, deepens understanding of climate risk, and helps finance the transition to a more stable, sustainable economy.

In 2017, the TCFD issued recommendations to help companies identify and disclose the financial impacts of climate-related risks and opportunities in their mainstream reporting, including annual reports and financial filings; updated guidance, including supplemental guidance for insurers and asset owners, followed in 2021.

The TCFD recommendations are organised around four thematic areas central to how organisations manage climate risk: Governance, Strategy, Risk Management, and Metrics and Targets.

Governance	Strategy	Risk management	Metrics and targets
Disclose the Group's governance around climate-related risks and opportunities.	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's business model is itself linked to climate-related opportunity, demand for the rare earths used in permanent magnets is largely driven by global decarbonisation. We recognise the importance of building climate-related risks and opportunities into our strategy, and are focused on establishing the right foundations from the outset of our approach to sustainability.

A key part of this approach is developing climate-related strategies and commitments, supported by stronger disclosure and reporting. These workstreams continue to develop as the project assessment phase concludes and the project moves into development and production.

The disclosures below follow the TCFD's key themes and recommendations. The underlying assessment was first published in the June 2023 Annual Report, prepared by an independent sustainability reporting specialist. Since that assessment, the project has advanced materially, including the Interim Study, the adoption of solvent extraction as the final separation method, and the removal of hydrogen fluoride from the flow sheet, and this section has been updated to reflect that progress.

GOVERNANCE

Recommendation	Response	Compliance Statement	Path to compliance
a. Describe the board's oversight of climate-related risks and opportunities	Rainbow's Board comprises the Chairman, two Executive Directors, three 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 eight times in the last financial year. The Company's Sustainability Policy states Rainbow's commitment to sound environmental management and minimising the impacts of its operations on the environment, including those relating to climate change, water usage, waste management and biodiversity. 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 and climate-related risks. There are not yet any specific climate-related targets, budgets or scenario analysis outputs for the Board to review and monitor. The Sustainability Committee did not meet in FY 2026. At its next meeting climate-related workstreams, including scenario analysis and the Net Zero Action Plan are expected to be discussed. Compliance is assessed as partial: the governance structure required by TCFD exists, but the recurring, substantive oversight it is designed to support has not yet been evidenced.	Partially compliant	- Use the upcoming Sustainability Committee meeting to establish climate risk as a discrete, standing agenda item going forward, with climate-specific matters minuted separately. - Increase Sustainability Committee meeting frequency, so that oversight can be demonstrated as ongoing. - Once climate-related targets, a Net Zero Action Plan, and scenario analysis outputs exist, ensure the Board formally reviews progress against them, with that review documented.

ENVIRONMENTAL INTEGRATION CONTINUED

TCFD REPORT CONTINUED

GOVERNANCE CONTINUED

Recommendation	Response	Compliance Statement	Path to compliance
b. Describe management's role in assessing and managing climate-related risks and opportunities	The Board delegates sustainability-related responsibilities to management. Directors and management regularly assess and discuss the principal risks facing the Company, and senior management discuss material developments regularly, considering the financial and reporting implications of matters arising. Rainbow does not yet have a dedicated Environmental and Social Management System (ESMS) for Phalaborwa. This follows directly from the Project's current stage: the ESMS is intended to be informed by the outcomes of the ESIA, which has not yet formally commenced. Rainbow's environmental and social capacity currently sits with its recently appointed ESS Manager, supported by external specialist consultants, including WSP Africa (Pty) Ltd for the ESIA and Promethium Carbon for climate-related work, rather than a dedicated internal Environment and Social (E&S) team, reflecting the Company's current stage of development. As a condition of its DFC funding, Rainbow must provide evidence of adequate environmental and social staffing for the joint venture prior to disbursement; the ESS Manager appointment is a first step toward meeting this requirement. Risk management, including climate-related risks, is formally overseen by the Board and Audit Committee, in liaison with the Sustainability Committee. Rainbow has been working with independent environmental consultancy Promethium Carbon since 2023, which has delivered a first-pass operational carbon footprint for Phalaborwa and flagged the transition from TCFD to ISSB-aligned disclosure under IFRS S1 and S2. Further work, including an updated footprint and a Life Cycle Analysis, remains outstanding and will be reassessed during the course of 2027.	Partially compliant	- Begin developing an ESMS framework as specialist baseline studies and preliminary ESIA findings become available, refining it as the ESIA progresses toward completion. - Confirm with DFC the requirements for adequate environmental and social staffing for the project development. - Confirm with Promethium Carbon whether a screening-level Life Cycle Analysis and updated operational carbon footprint can commence using PFS data, subject to revision once Definitive Feasibility Study data is available, consistent with the approach already taken for the October 2023 first-pass footprint.

ENVIRONMENTAL INTEGRATION CONTINUED

TCFD REPORT CONTINUED

STRATEGY

Recommendation	Response	Compliance Statement	Response
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 escalating demand for critical minerals needed for global decarbonisation. Phalaborwa remains at a relatively early stage of development, and the Company's view of climate-related risk and opportunity is correspondingly still forming; the following reflects what has been identified to date. Short terms (to first production): - Opportunity: Western demand for restricted heavy rare earth elements has grown following China's export controls introduced from April 2025, with Dy, Tb and Yttrium included in the SEG+ carbonate expected to be produced from Phalaborwa - Transition risk: As a condition of its DFC funding, Rainbow is required to provide a policy, process and methodology for tracking, monitoring and reporting Phalaborwa's estimated annual GHG emissions prior to disbursement, which has not yet been completed. - Uncertainty: The process flow sheet has materially progressed, including the adoption of solvent extraction as the final separation method, but Phalaborwa's operational emissions have not yet been re-estimated against these finalised parameters. Until this is done, the Project's actual emissions profile, and therefore its climate risk exposure, is not fully known. Medium term (construction and ramp-up): - Physical risk: Phalaborwa is located in a water stressed region; the Project's water balance and acid water neutralisation circuit are a direct mitigant, but also a dependency, if water availability or quality assumptions change. - Transition risk: TCFD is being phased out in favour of ISSB-aligned disclosure under IFRS S1 and S2. Rainbow will conduct a gap-mapping of its disclosures against these new requirements during 2027. - Opportunity: A low carbon energy wheeling agreement, currently under evaluation, could improve the Project's power cost position and its emissions profile relative to grid power alone. Long term (operations) - Unassessed physical and transition risks: Climate scenario analysis, including a 2°C or lower scenario, has not yet been conducted. Long-term physical risks (e.g. changing rainfall patterns affecting water stressed operations) and transition risks (e.g. future carbon pricing or REE demand shifts under different decarbonisation pathways) therefore remain unassessed. - Opportunity: Rainbow's focus on secondary sources avoids much of the energy- and carbon-intensity of traditional hard rock mining, positioning the Company favourably relative to peers as buyers increasingly scrutinise supply chain carbon intensity.	Partially compliant	- Complete a full climate-related risk and opportunity assessment, explicitly organised by short, medium and long-term horizons. - Deliver the DFC required GHG tracking and monitoring methodology ahead of the funding disbursement deadline. - Undertake climate scenario analysis, including a 2°C or lower scenario, informed by DFS parameters expected in H1 2027; a preliminary, PFS-based view may be developed in the interim, but the substantive assessment is dependent on DFS completion.

ENVIRONMENTAL INTEGRATION CONTINUED

TCFD REPORT CONTINUED

STRATEGY CONTINUED

Recommendation	Response	Compliance Statement	Path to compliance
b. Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	Climate-related opportunities are among the material drivers behind Rainbow's business model and growth strategy. Rainbow expects to contribute to the green energy transition through the responsible production of REE, with a specific focus on Nd, Pr, Dy and Tb, fundamental to the permanent magnets used in wind turbines and EVs, where demand is projected to grow.	Partially compliant	- Quantify the financial impact of remaining climate-related risks and opportunities as the LCA, updated carbon footprint, and scenario analysis are completed. - Finalise the low carbon energy wheeling agreement so that the impact on cost and emissions can be confirmed. - Reflect DFS-informed climate assumptions in financial planning once available, consistent with the phased approach already agreed for the LCA and scenario analysis.
	The full financial impact of climate-related risks and opportunities on Phalaborwa remains to be established. This depends on the outcomes of the Life Cycle Analysis, the updated operational carbon footprint, and climate scenario analysis, which is dependent on Definitive Feasibility Study parameters, expected H1 2027. Until these are available, Rainbow's financial planning cannot fully reflect climate-related risk and opportunity. 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, including energy efficiency. A low carbon energy wheeling agreement, currently under evaluation, could improve the Project's power cost and emissions profile relative to grid power alone.		
c. Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Sourcing REO from historical phosphogypsum waste rather than mining primary ore strips out several of the most costly, energy-intensive stages a conventional hard rock project would carry, a structural cost and carbon advantage that holds regardless of which climate future materialises. In addition, the acid water reclaimed from the phosphogypsum stacks is designed for closed-circuit reuse within the plant, reducing the Project's environmental footprint independent of any external climate pathway. Rainbow is also not reliant on a single asset. A PFS has commenced with Mosaic on the Uberaba project in Brazil - read more on page 18. A pipeline of such opportunities is itself a form of resilience against any single project's climate exposure. The scenario analysis will provide further detail on the resilience of the Group's strategy to climate change risks and opportunities. The outcomes of these assessments will be published once available.	Partially compliant	- Complete climate scenario analysis, including a 2°C or lower scenario, once DFS parameters are available. - Update the October 2023 first-pass carbon footprint against the finalised flow sheet.

ENVIRONMENTAL INTEGRATION CONTINUED

TCFD REPORT CONTINUED

RISK MANAGEMENT

Recommendation	Response	Compliance Statement	Path to compliance
a. Describe the organisation's processes for identifying and assessing climate-related risks	Rainbow intends to produce an updated operational carbon footprint once the flow sheet, including SX parameters, is finalised. This will cover the formal policy, process and methodology for tracking, monitoring and reporting emissions on an ongoing basis, covering full Scope 1, 2 and 3 reporting in line with the IFC Performance Standards and DFC's Environmental and Social Policy and Procedures.	Partially compliant	- Produce an updated operational GHG estimate reflecting the current flow sheet. - Deliver the DFC-required GHG tracking, monitoring and reporting methodology ahead of the funding disbursement deadline. - Finalise the Scope 3 significance assessment framework so that full Scope 1, 2 and 3 reporting can be achieved.
b. Describe the organisation's processes for managing climate-related risks.	Climate-related risks currently sit within Rainbow's general risk management structure rather than being managed through a dedicated climate process. The Board and Audit Committee hold overall responsibility for identifying, assessing and managing risk across the Company's operating jurisdictions, with the Sustainability Committee liaising on sustainability-related matters. The Company's small management and finance team, without a separate internal audit function, allows senior management, the CFO and the Audit Committee Chair to discuss control and reporting matters closely and regularly. The appointment of a dedicated ESS Manager provides an initial point of ownership for this work.	Partially compliant	- Define specific climate risk management actions, owners and timelines, using the ESS Manager appointment as the starting point for dedicated ownership. - The Sustainability Committee to agree how climate risk will be tracked and reported going forward distinct from the Company's wider risk register.
c. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	Environmental risks are disclosed on page 48. Once the ESIA for Phalaborwa is under way, its findings are intended to inform a dedicated environmental and social management system for the project which will be integrated into the organisations overall risk management.	Partially compliant	- Define a specific point of integration between climate risk and the Company's overall risk register. - Build the ESMS progressively as ESIA baseline and scoping findings become available, as agreed under Governance (b), so integration can begin before the ESIA formally concludes.

ENVIRONMENTAL INTEGRATION CONTINUED

TCFD REPORT CONTINUED

METRICS AND TARGETS

Recommendation	Response	Compliance Statement	Path to 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.	Rainbow currently tracks Scope 1 and Scope 2 emissions from office-related activity on an ongoing basis, calculated annually since FY 2024. This metric reflects the Company's current office and laboratory footprint and is not representative of Phalaborwa's future material operational emissions once in production. An updated operational carbon footprint, informed by the finalised flow sheet, will be used to select and track meaningful operational metrics.	Partially compliant	- Produce an updated operational GHG estimate reflecting the current flow sheet, from which appropriate ongoing operational metrics can then be selected. - Extend annual emissions tracking beyond office and laboratory emissions to include the operational metrics required under the DFC GHG tracking, monitoring and reporting methodology, once finalised.								
b. Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 GHG emissions and the related risks.	Rainbow's carbon footprint for office and laboratory-related activity is shown below, covering FY 2026. Emissions¹ from office and laboratory-related activities <table><tr><th>Scope</th><th>Emissions in tCO2e</th></tr><tr><td>Scope 1 – Direct emission sources</td><td>5.84</td></tr><tr><td>Scope 2 – Energy Indirect emissions</td><td>79.01</td></tr><tr><td>Scopes 1 & 2</td><td>84.85</td></tr></table> No Scope 3 emissions have yet been assessed. This office and laboratory carbon footprint does not represent Phalaborwa's future material operational emissions, which will arise once processing activities commence. Rainbow will establish an operational emissions baseline once an updated estimate, reflecting the finalised flow sheet, is available.	Scope	Emissions in tCO2e	Scope 1 – Direct emission sources	5.84	Scope 2 – Energy Indirect emissions	79.01	Scopes 1 & 2	84.85	Partially compliant	- Finalise the Scope 3 significance assessment framework drafted in 2023, so that Scope 3 emissions can be assessed and disclosed. - Produce an updated operational GHG estimate reflecting the current flow sheet, to serve as Phalaborwa's operational emissions baseline once available.
Scope	Emissions in tCO2e										
Scope 1 – Direct emission sources	5.84										
Scope 2 – Energy Indirect emissions	79.01										
Scopes 1 & 2	84.85										
c. Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	Rainbow plans to set targets to manage climate related risks and opportunities. These targets will be informed by the updated operational carbon footprint and other ongoing climate-related scenario analyses.	Partially compliant	- Define a revised timeline and approach for climate-related target-setting, including the Net Zero Action Plan, at the next Sustainability Committee meeting. - Establish interim, near-term targets that can be supported by data already available, while operational targets remain dependent on further outstanding workstreams. - Set operational emissions targets once the necessary underlying assessments are complete.								

1 Emissions were calculated by multiplying the activity data by the appropriate emission factor to get the tonnes (t) of carbon dioxide (CO2) equivalent (e). The activity emissions are reported in line with the GHG Protocol Corporate Standard (GHG Protocol).

THE STRATEGIC REPORT, WHICH INCLUDES THE OVERVIEW, WHY INVEST, CHAIRMAN'S STATEMENT, CEO STATEMENT, MARKET REVIEW, OPERATIONS REVIEW, SUSTAINABILITY REPORT, FINANCIAL REVIEW AND PAYMENTS TO GOVERNMENTS, WAS APPROVED BY THE BOARD OF DIRECTORS ON 20 OCTOBER 2026 AND SIGNED ON ITS BEHALF BY:

GEORGE BENNETT
CHIEF EXECUTIVE OFFICER

20 October 2026

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

CORPORATE GOVERNANCE

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Rare earths are used in many of the latest high tech applications, including aircraft radar and touch screens

ADONIS POUROULIS NON-EXECUTIVE CHAIRMAN	GEORGE BENNETT CHIEF EXECUTIVE OFFICER	JAMES BEAMS EXECUTIVE DIRECTOR
Appointment date: August 2011	Appointment date: August 2019	Appointment date: August 2026
Committees: Nomination (Chair), Remuneration	Committees: Sustainability	Committees: N/A
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.	With over 30 years’ experience in mining, finance and management, George has led a number of mining companies, including Shanta Gold Ltd (which he successfully listed on the LSE in 2005) and Orecorp Ltd (which he was an initial founder of and as a NED listed on the ASX).	With over 30 years’ experience in the natural resources and financial sectors, James has held executive and board positions with several natural resources companies focused on project development, financing and strategic growth.
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.	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.	Most notably he spent 14 years with Anglo American plc where he held several senior leadership positions, including Chief Financial Officer of the company’s copper business in Chile and Head of Business Development for Base Metals. During this period, he was involved in the evaluation and development of major projects, capital allocation, business development opportunities and joint venture governance.
He is also founder and CEO of Chariot Limited (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).	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.	He currently serves as non-executive director of Trinity Metals Limited, a privately owned mining company focused on tin and tungsten that is one of the largest private sector employers in Rwanda.
Qualifications: BA (Hons) in Science and Mining Engineer – University of Witwatersrand	Qualifications: Member of the Johannesburg Stock Exchange	Qualifications: FCMA (Fellow, Chartered Institute of Management Accountants)
Interest in the Company As at 30 June 2026: 89,466,830 shares / 12.79% 2,402,000 share incentives	Interest in the Company As at 30 June 2026: 40,503,150 shares / 5.79% 6,000,000 share incentives	Interest in the Company As at 30 June 2026: 218,521 shares / 0.03%

SHAWN MCCORMICK INDEPENDENT NON-EXECUTIVE DIRECTOR	ATUL BALI INDEPENDENT NON-EXECUTIVE DIRECTOR	ASHLEIGH WOOLF NON-EXECUTIVE DIRECTOR
Appointment date: February 2016	Appointment date: March 2017	Appointment date: October 2026
Committees: Sustainability (Chair), Audit, Remuneration	Committees: Audit (Chair), Nomination	Committees: N/A
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.	Atul is a corporate Chair, board member and ex CEO with extensive experience in technology, government contracting and regulated industries operating on all six continents. Over the last 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.	Ashleigh is Chief Legal Officer for TechMet Ltd, 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. She is a dual-qualified Solicitor (United Kingdom and South Africa) with over 15 years of multi-jurisdictional experience in M&A, private equity, general corporate law and compliance.
	Currently he advises a number of high-growth technology companies, is Chairman of the Football Pools, IWG Ltd, Fincore Ltd, and serves a non-executive Director (and Compensation Committee Chair) of Meridian Holdings Inc (NASDAQ: MRDN). Until 1 July 2025 he was 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).	Previously she was Chief Legal Officer, Data Protection Officer and Member of the Executive Management Committee at Lonrho Holdings Limited with responsibility for the management of the UK HQ and all legal and compliance matters across the Lonrho group.
		She held various board seats on associated subsidiaries of Lonrho across 16 jurisdictions. Prior to this she was Legal Counsel at PruProtect (a subsidiary of Prudential and later, Discovery) and a senior legal position as Associate Director at Salamanca, a financially regulated international private equity and risk management group.
Qualifications: BA (Hons) – University of Southern California; Advanced coursework at Insead	Qualifications: BA (Joint Hons) in Law and Economics, University of Keele Chartered accountant – KPMG, UK	Qualifications: Bachelor of Commerce Degree (Advanced Business Management III) (Hons. & Distinction) Bachelor of Law Degree from Wits University
Interest in the Company As at 30 June 2026: 9,733,237 shares / 1.39% 1,683,334share incentives	Interest in the Company As at 30 June 2026: 4,670,991shares / 0.67% 1,250,001share incentives	Interest in the Company As at 30 June 2026: Nil

Subsequent to the year end and prior to the approval of the Annual Report:

- J Peter Pham, Independent Non-Executive Director resigned on 1 October 2026
- Darryll Castle, Non-Executive Director resigned on 7 October 2026

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 2026:
1,515,922 shares / 0.22%
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 2026:
1,500,000 shares / 0.21%
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 2026. 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.

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 which records all transactions, capturing third party documents which are authorised by relevant senior staff and reviewed by senior management.
 - Senior management regularly discuss material developments 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 2026. 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/or 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.

Board of Directors continued

The following table lists the names, positions, committee memberships and ages of the Directors as at 30 June 2026:

Name	Age	Position	Audit	Remuneration	Nomination	Sustainability
Adonis Pouroulis	56	Non-Executive Chairman	–	Member	Chair	–
George Bennett	65	CEO	–	–	–	Member
Alexander Lowrie	51	Independent Non-Executive	Member	Chair	–	Member
Shawn McCormick	59	Independent Non-Executive	Member	Member	–	Chair
Atul Bali	55	Independent Non-Executive	Chair	–	Member	–
J. Peter Pham	55	Independent Non-Executive	–	–	Member	–
Darryll Castle	57	Non-Executive	–	–	–	–

J Peter Pham resigned on 1 October 2026. He has been replaced on the nominations committee by Alexander Lowrie.

Darryll Castle resigned on 7 October 2026. He was not considered to be independent by virtue of his role with TechMet Ltd, 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. Ashleigh Woolf has replaced Darryll Castle on the Board under the nomination of TechMet Ltd.

Independent non-executive Directors Shawn McCormick, Atul Bali and Alexander Lowrie have served for over nine years, which is considered a factor which may impair independence under the UK Corporate Governance Code. Notwithstanding, the Board consider that these directors continue to demonstrate the essential characteristics of independence, objectivity, and robust constructive challenge in the boardroom and therefore consider them to remain independent.

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

All independent non-executive Directors are shareholders in the Company and hold share options over the Company’s shares; read more on pages 38 to 39. The Board consider the issue of share based payments to non-executive directors an integral part of their overall remuneration, preserving cash whilst the Company remains in a development phase. Therefore the Board do not consider that shareholdings or share based payments issued to non-executive directors impacts their independence.

The Board has initiated a formal governance review to evaluate the company’s alignment with international regulatory frameworks, including the governance, internal control, and compliance standards associated with a potential dual listing in the United States. The primary objective of this ongoing evaluation is to benchmark the existing governance structures against US standards such as the Sarbanes-Oxley Act (SOX) and SEC requirements. The evaluation is focused on internal financial controls, board committee remits, and independence criteria. As a result of this review the composition of the Board and the independence of the members will be assessed against both UK and US Corporate Governance Standards.

The table below shows the attendance at board and committee meetings during FY 2026:

Name	Board	Audit	Remuneration	Nomination	Sustainability
Adonis Pouroulis	6/8	n/a	1/1	0/0	n/a
George Bennett	8/8	n/a	n/a	n/a	0/0
Alexander Lowrie	8/8	4/4	n/a	n/a	0/0
Atul Bali	8/8	4/4	n/a	0/0	n/a
J. Peter Pham	8/8	n/a	n/a	0/0	n/a
Shawn McCormick	7/8	4/4	1/1	n/a	0/0
Darryll Castle	7/8	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 43 to 44, 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, the listing rules and other applicable law and regulatory provision in force in Guernsey and the UK.

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.

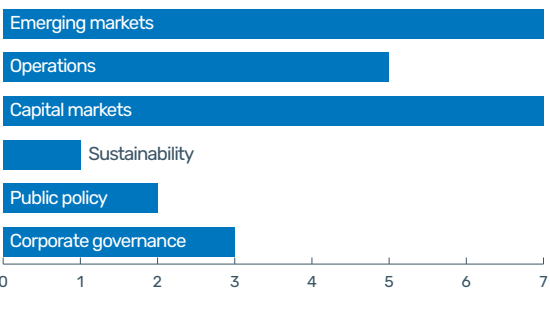
Rainbow is committed to developing a diverse workforce and providing a work environment in which everyone is treated fairly and with respect. Furthermore, when evaluating diversity, Rainbow aims to consider a broad definition of difference, including but not limited to experience, skills, expertise,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

Diversity continued

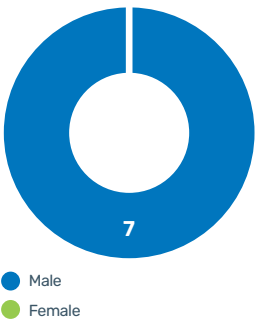
The Company does not currently have a formal diversity policy for its Board or its board committees, which is mainly a reflection of the small size of the Rainbow business to date. The Company report more fully on diversity as Phalaborwa becomes an operating business in South Africa. The local operating 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.

Rainbow Board Diversity

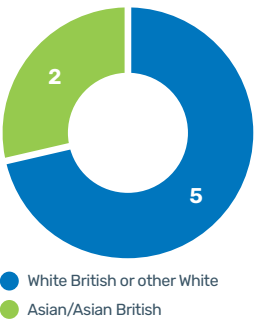
Diversity of skills and experience



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. The Board considers this is primarily due to the historically lower proportion of women in the resources and industrial industries. Following the year end Ashleigh Woolf has replaced Darryll Castle as the representative of TechMet Ltd on the Board, increasing diversity. Diversity will also be considered under the formal governance review initiated as part of the US listing evaluation.

The following table sets out the Company’s current gender diversity at senior levels of the business as at 30 June 2026:

	Number of board members	Number of senior positions on Percentage of the board	Number the board (CEO, CFO, SID, Chair)	Percentage in executive management	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 2026:

	Number of board members	Number of senior positions on Percentage of the board	Number the board (CEO, CFO, SID, Chair)	Percentage in executive management	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 4 times during the Year. During these meetings, the following matters were considered:

- The audit of the financial statements for the year ended 30 June 2025 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 2025 and the interim financial statements for the six months ended 31 December 2025, were reviewed. The Audit Committee met with the auditors at the conclusion of the FY 2025 audit to discuss their findings and, following due consideration, recommended to the Board that these financial statements be approved.
- The Company's financial reporting and control procedures were reviewed and discussed.

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.

The Company's current external auditor, BDO LLP, has now completed a tenure of 10 consecutive financial years as auditor since the Company's IPO in January 2017. In compliance with the UK statutory requirements for Public Interest Entities (PIEs) regarding mandatory audit retendering, the Audit Committee will initiate a formal, competitive external audit tender process during the financial year ending 30 June 2027. This process will govern the appointment of the external auditor for the financial year commencing 1 July 2027. BDO LLP is eligible to participate in the tender process under current regulations. Ahead of the formal tender the Audit Committee resolve to propose BDO LLP for reappointment at the next AGM for a period of 12 months.

Nomination Committee

The Nomination Committee is chaired by Adonis Pouroulis, and its members during the year to 30 June 2026 were 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. On 1 October 2026 J Peter Pham resigned as a Director and will be replaced on the Nominations Committee by Alexander Lowrie.

The Nomination Committee did not meet in FY 2026. The Nominations Committee is expected to meet in FY 2027 to consider the composition of the Board in light of the formal governance review launched as part of the evaluation of a US listing.

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.

The Remuneration Committee met once in FY 2026.

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 did not meet during FY 2026. Post year end the Company appointed their first Environmental, Social and Sustainability Manager to ensure environmental, social and sustainability considerations are integrated across the Company's operations.

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.rainbowrareearth.com/about/corporate-governance/company-policies/>.

Signed on behalf of the Board of Directors on 20 October 2026.

GEORGE BENNETT
CHIEF EXECUTIVE OFFICER

20 October 2026

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, Rainbow is focused on delivering a PFS level study to demonstrate the economics of the proposed updated processing flow sheet incorporating SX separation technology to deliver NdPr and SEG+ commercial products. The last published financial analysis, the December 2024 Interim Study, demonstrated a project that was expected to deliver low capital and operating costs driving strong returns at forecast rare earth prices. Since the publication of the Interim Study substantial test work has been undertaken at Rainbow's in-house laboratory, which has resulted in significant changes to the proposed processing flow sheet. Some of these changes, such as the reduction from three stages to two stages of leaching and the elimination of the weak acid leach circuit, represent optimisations which are expected to reduce costs compared to the Interim Study. Other changes, such as the introduction of SX separation compared to CIC, are expected to increase costs. Overall capital and operating costs for the updated flow sheet have not been defined and could exceed the amounts included in the Interim Study. The decision to sell a mixed SEG+ product is expected to lower revenue compared to the separated Dy and Tb oxides originally planned to be produced via CIC, which will have an impact on the expected overall project economics. Rainbow has chosen Neo as its technology partner for SX separation and test work is underway at Neo's facility in Estonia to define the SX impurity rejection and separation parameters. The results of this test work may impact the expected final saleable products produced at Phalaborwa along with the associated capital and operating costs, which could have a detrimental impact on the project economics. The PFS is expected to be completed in Q4 2026, but timing will be dependent on results from the SX test work underway. The PFS is expected to provide sufficient confidence to commence permitting and financing workstreams in parallel with the completion of the DFS, 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 Company's SX technology partner, Neo, has extensive experience in rare earth separation from multiple feedstocks with differing impurity profiles. 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 rare earth eluate which is expected to be suitable for separation using Neo's SX technology. On the basis of test work results to date Rainbow's technical team expect Phalaborwa to remain an economically attractive source of rare earth products with low capital and operating cost intensity.

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 has recently employed Brent Holme as ESS Manager to lead the permitting workstreams for Phalaborwa. 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 PFS and 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	It is expected that the PFS and DFS will deliver strong economic returns in-line with the Interim Study, allowing the long-term financing for development at Phalaborwa to be delivered. 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 Nd, Pr, Dy and Tb. While rare earth prices have been volatile in the past, structural changes in Government policy have underpinned a stronger market in 2026. Analysts are predicting strong growth in demand for Magnet REE, which is expected to underpin strong pricing. Actual price increases may not occur as predicted. If the underlying rare earth basket price of the Group's development projects 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.

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	The Group has recruited a qualified ESS manager to manage workstreams associated with environmental compliance and environmental risk management associated with the Phalaborwa site. 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 will 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 2027, 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 2027, 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 30 June 2026 to 30 June 2027 was agreed with Bosveld during FY 2026. 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 of the IP rights to develop an economic processing flow sheet 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 2026.

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, confirmed that Phalaborwa represents an economically attractive potential source of REE.

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. The signing of a Joint Development Agreement with Mosaic Company in March 2026 to develop the Uberaba Project in Brazil and commencement of the PFS is the first step to unlocking the global opportunity.

Directors' remuneration

	Salary / fees (US\$'000)	
	June 2026	June 2025
Executive Director		
George Bennett	386	365
Non-Executive Chairman		
Adonis Pouroulis	170	156
Non-Executive Directors		
Alexander Lowrie	60	55
Shawn McCormick	60	54
Atul Bali	60	55
J. Peter Pham	52	48
Darryll Castle	52	49
Total	840	782

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 46 to 49.

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

Financial results
During the year ended 30 June 2026, the Company reported a net loss of US\$7.5 million (30 June 2025: net loss of US\$3.2m).

No dividends have been declared in respect of the years ending 30 June 2026 or 2025.

Directors
A list of the Directors of the Company is set out on pages 38 to 39.

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' REPORT CONTINUED

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 2026 is as follows:

Key Shareholders	Number	Percent
Adonis Pouroulis	89,466,830	12.8
TechMet	75,206,112	10.7
George Bennett	40,503,150	5.8
Caden Holdings	36,967,805	5.3

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 2026 are as follows:

Key Shareholders	Number	Percent
Adonis Pouroulis	89,466,830	12.8
George Bennett	40,503,150	5.8
Alexander Lowrie	6,838,124	1.0
Shawn McCormick	9,733,237	1.4
Atul Bali	4,670,991	0.7
J. Peter Pham	881,499	0.1
Darryll Castle	821,422	0.1
Pete Gardner	1,515,922	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.rainbowrareearth.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 2027 under all scenarios, with funding expected to be required in Q3 2027. In addition, further funds may be required to advance a US listing process ahead of associated fundraising receipts. 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 20 October 2026.

GEORGE BENNETT
CHIEF EXECUTIVE OFFICER

20 October 2026

RARE EARTH ELEMENTS HAVE ALLOWED FOR RAPID DEVELOPMENTS IN ROBOTICS AND ADVANCED AIR MOBILITY

FINANCIAL STATEMENTS

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

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

Opinion

- In our opinion:
- the financial statements give a true and fair view of the state of the Group’s affairs as at 30 June 2026 and of the Group’s loss and cash flows for the year then ended;
 - the financial statements have been properly prepared in accordance with IFRS Accounting Standards as adopted by the European Union; and
 - the financial statements have been prepared in accordance with the requirements of the Companies (Guernsey) Law, 2008.

We have audited the financial statements of Rainbow Rare Earths Limited and its subsidiaries (the ‘Group’) for the year ended 30 June 2026 which comprise of the following:

- Consolidated statement of comprehensive income
- Consolidated statement of financial position
- Consolidated statement of changes in equity
- Consolidated cash flow statement
- Notes 1 to 31 to the financial statements including material accounting policies

The financial reporting framework that has been applied in their preparation is applicable law and IFRS accounting standards 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.

Independence

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 the FRC’s Ethical Standard were not provided to the Group and we remain independent of the Group in conducting our audit.

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 on 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.

- 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 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 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, the Group’s strategic plans, and considering the reasonableness of the sensitivities applied and outcome of the stress testing;
 - Corroborating the opening cash position in the forecast to bank statements.
 - Assessed the reasonableness of the cash outflows for the corporate overhead, which included some contingency;
 - 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;
 - Assessed the reasonableness of the cost included to complete the DFS and BFS have been verified into a Board approved budget;
 - Considered the completeness of costs included in the forecast by comparing forecast cash outflows to prior year actuals;
 - Considered the ability of the Group to secure additional funds in the future based on its history of fundraising;
 - Inspected Board minutes for any indications of unexpected costs, claims or disputes; and
 - Assessed the reasonability of the disclosures relating to going concern and considering them in line with the applicable standards.

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

	2026	2025
Key audit matters	Going concern	☑
	Carrying value of the Exploration and Evaluation Assets	☑
	Valuation of the Ecora Royalty	☑
Materiality	Group financial statements as a whole US\$486,000 (2025: US\$336,000) based on 1.5% (2025: 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. 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.

Components in scope

The Group’s principal operations are located in South Africa. Financial reporting is undertaken at the head office in Johannesburg, 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.

We used a combination of risk assessment procedures and further audit procedures to obtain sufficient appropriate evidence. These further audit procedures included procedures on the entire financial information of the component, including performing substantive procedures.

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

How Climate change affected the scope of our audit

- Our work on the assessment of potential impacts of 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;
 - Review of the minutes of Board and Audit Committee meetings 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 other information 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 into management’s disclosures. Management disclosures on page 22 form part of the strategic report. Our responsibilities in relation to these disclosures are described in the relevant section of this report and our procedures on these disclosures therefore consisted solely of considering whether they are materially inconsistent with the financial statements or our knowledge obtained from the audit or otherwise appear to be materially misstated.

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

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, we have determined the matters described 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 Notes 3 and 12
The Group holds one exploration and evaluation asset which is the Phalaborwa asset in South Africa. Management are required to assess whether there are any potential impairment triggers, which would indicate that the carrying value of the assets at 30 June 2026 may not be recoverable. Given the financial significance of the E&E assets in the context of the Group's statement of financial position and the significant degree of judgement involved in making the assessment of whether any indicators of impairment exist, we considered this to be 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 hold the underlying rights to the asset; - We examined future 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 exploration and evaluation plan. In addition, we confirmed the consistency of the forecasted spend against the Group's going concern forecast; - We have reviewed the latest MRE and feasibility study for contradictory evidence against managements qualitative conclusion on future development; - 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.

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

Key audit matter: Valuation of the Ecora Royalty Refer to Notes 3 and 19
The Group entered into a US\$8.5m royalty agreement in the 2025 financial year 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 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 assessed the valuation model prepared by management. This included testing the model's integrity, confirming 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 year-end measurement dates as follows: - 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 confirmed 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 engaged an auditor valuation expert to assess the appropriateness of the resource, process recoverability and the forecasted rare earth basket prices. - We have engaged an expert to assess the appropriateness of the discount rate applied. - 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	
	2026	2025
	US\$	US\$
Materiality	486,000	336,000
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	303,750	235,200
Basis for determining performance materiality	62.5%	70%
Rationale for the percentage applied for performance materiality	Performance materiality level has decreased 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

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of US\$24,300 (2025: US\$7,000). 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 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 Rainbow Rare Earths Limited (the ‘Company’); or
- the Company’s financial statements are not in agreement with the accounting records; or
- we have not received 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’ responsibility 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.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the Group and management.

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, legal counsel, Audit Committee; 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, Guernsey tax legislation, UK Listing Rules.

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:

- Enquiries of management whether there were any litigations and claims;
- Enquiries of the legal team of the Group;
- Review of minutes of meetings of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of correspondences 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

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiries 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.
- Review 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 estimation bias in respect of key judgements and estimates.

Our procedures in respect of the above included:

- Testing journal entries throughout the year, which met defined risk criteria, by agreeing to supporting documentation;
- Testing a sample of the residual population of journals not meeting the defined risk criteria by agreeing to supporting documentation
- Assessing significant estimates made by management for bias; and
- Testing the Group’s year end unadjusted entries, consolidated entries and investigating any that appear unusual by agreeing to supporting documentation.

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.

Other matters which we are required to address

We were appointed by the Audit Committee on January 2017 to audit the financial statements for the period ended 30 June 2017.

Our total uninterrupted period of engagement is 10 years, covering the periods ended 30 June 2017 to 30 June 2026.

Our audit opinion is consistent with the additional report to the audit committee.

Use of our report

This report is made solely to the Parent 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 Parent 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 Parent Company and the Parent Company’s members as a body, for our audit work, for this report, or for the opinions we have formed.

MATT CRANE
FOR AND ON BEHALF OF BDO LLP, RECOGNISED AUDITOR
LONDON, UK

20 October 2026

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 2026

		Year ended 30 June 2026	Year ended 30 June 2025
	Notes	US\$'000	US\$'000
Administration expenses		(3,805)	(3,827)
Research costs		(540)	(260)
Loss from operating activities	4	(4,345)	(4,087)
Finance income	6	248	168
Finance costs	7	(355)	(451)
Change in fair value of royalty financing liability	19	(3,020)	1,216
Loss before tax		(7,472)	(3,154)
Income tax expense	10	(1)	-
Total loss after tax and comprehensive expense for the year		(7,473)	(3,154)
Total loss after tax and comprehensive expense for the year is attributable to:			
Non-controlling interest	25	(5)	(18)
Owners of parent		(7,468)	(3,136)
		(7,473)	(3,154)
The results of each year are derived from continuing operations			
Loss per share (cents)			
Basic	11	(1.14)	(0.49)
Diluted	11	(1.14)	(0.49)

Notes on pages 64 to 86 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2026

		As at 30 June 2026	As at 30 June 2025
	Notes	US\$'000	US\$'000
Non-current assets			
Exploration and evaluation assets	12	18,302	17,363
Property, plant and equipment	13	583	460
Right of use assets	20	322	251
Total non-current assets		19,207	18,074
Current assets			
Inventory	14	1	1
Trade and other receivables	15	332	403
Cash and cash equivalents	16	12,920	3,933
Total current assets		13,253	4,337
Total assets		32,460	22,411
Current liabilities			
Trade and other payables	17	(1,250)	(1,203)
Borrowings	18	(535)	(340)
Lease liabilities	20	(114)	(89)
Total current liabilities		(1,899)	(1,632)
Non-current liabilities			
Borrowings	18	-	(85)
Royalty finance liability	19	(10,304)	(7,284)
Lease liabilities	20	(230)	(173)
Provisions	21	(55)	(55)
Total non-current liabilities		(10,589)	(7,597)
Total liabilities		(12,488)	(9,229)
Net Assets		19,972	13,182
Equity			
Share capital	22	72,137	58,150
Share-based payment reserve	23	2,424	2,217
Retained loss		(54,464)	(47,065)
Equity attributable to the parent		20,097	13,302
Non-controlling interest	25	(125)	(120)
Total Equity		19,972	13,182

These financial statements were approved and authorised for issue by the Board of Directors on 20 October 2026 and signed on its behalf by:

GEORGE BENNETT
DIRECTOR

20 October 2026

Notes on pages 64 to 86 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2026

	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 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
Total comprehensive loss							
Loss and total comprehensive loss for year		-	-	(7,468)	(7,468)	(5)	(7,473)
Transactions with owners							
Shares issued during the year:							
cash consideration	22	14,681	-	-	14,681	-	14,681
Share issue costs	22	(694)	-	-	(694)	-	(694)
Fair value of employee share incentives in year	23	-	276	-	276	-	276
Share incentives issued in the year, net of costs	23	-	(69)	69	-	-	-
Balance at 30 June 2026		72,137	2,424	(54,464)	20,097	(125)	19,972

Notes on pages 64 to 86 form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2026

	Notes	Year ended 30 June 2026 US\$'000	Year ended 30 June 2025 US\$'000
Cash flow from operating activities			
Loss from operating activities		(4,345)	(4,087)
Adjustments for non-cash transactions:			
Depreciation		266	139
Share-based payment charge	23	276	707
Operating loss before working capital changes		(3,803)	(3,241)
Net increase in trade and other receivables	15	94	(31)
Net increase in trade and other payables	17	(26)	138
Cash used by operations		(3,735)	(3,134)
Realised foreign exchange gains		41	117
Net cash used in operating activities		(3,694)	(3,017)
Cash flow from investing activities			
Purchase of property, plant & equipment	13	(261)	(505)
Exploration and evaluation costs	12	(905)	(2,124)
Net cash used in investing activities		(1,166)	(2,629)
Cash flow from financing activities			
Proceeds from royalty financing	19	-	8,500
Costs of royalty financing	7	-	(360)
Repayment of borrowings	18	(73)	(42)
Interest payments on borrowings	18	(20)	(20)
Interest received	6	58	40
Payment of leases	20	(121)	(70)
Proceeds from the issuance of ordinary shares	22	14,681	1,500
Transaction costs of issuing new equity	22	(694)	(53)
Net cash generated by financing activities		13,831	9,495
Net increase in cash and cash equivalents		8,971	3,849
Cash & cash equivalents at the beginning of the year		3,933	79
Foreign exchange gain/(loss) on cash and cash equivalents		16	5
Cash & cash equivalents at the end of the year	16	12,920	3,933

Notes on pages 64 to 86 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2026

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 2026 and 30 June 2025 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 IFRS Accounting Standards 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 22 to 34 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 2026, the Group had total cash of US\$12.9 million. The Board have reviewed a range of potential cash flow forecasts for the period to 31 December 2027, including reasonable possible downside scenarios. The base case forecast includes US\$14.8 million expected costs for the Group over the 18-month period from 1 July 2026 to 31 December 2027 (the "Period") as follows:

- Corporate costs of US\$5.3 million including US\$0.3 million in respect of pursuing new business opportunities.
- US\$5.4 million for Phalaborwa to deliver the planned PFS, DFS and permitting workstreams. This includes costs associated with management of the Phalaborwa site from Q3 2027 and a 10% contingency.
- Research costs of US\$1.0 million associated with Rainbow's in-house laboratory in Johannesburg, including associated technical staff.
- US\$1.7 million for a PFS at the Uberaba opportunity in Brazil.
- US\$1.1 million for Rainbow's project team who will deliver the Phalaborwa studies and Uberaba PFS.
- US\$0.3 million for ongoing care and maintenance at the Gakara project in Burundi.

Management's reasonably plausible downside scenario includes a total cash outflow of US\$20.1 million, which also includes:

- US\$0.4 million representing a 5% contingency for general corporate costs and overall inflationary impacts in H2 2027.
- US\$0.4 million for additional business development costs.
- US\$4.6 million for further progression of the Phalaborwa project including US\$1.4 million for financing, US\$2.8 million to progress a FEED, operational readiness and early site works in H2 2027 ahead of construction and a further US\$0.4 million contingency thereon.

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.

The Group is evaluating the opportunity for a US listing. The forecast includes US\$0.1 million of costs associated with that evaluation but excludes any significant legal or other costs that may be involved in completing a US IPO. A full budget for the potential US Listing has not been finalised. In the event that a US listing is undertaken it is expected that the majority of the cost will be paid from the resulting fundraising proceeds.

At 30 June 2026 the Group had US\$12.9 million of cash. The base case forecast includes a total cash outflow over the Period of US\$14.8 million. Management's reasonably plausible downside scenario includes a total cash outflow of US\$20.1 million. The forecast indicates that the Group will need to raise additional funds before 31 December 2027 under all scenarios, with funding expected to be required in Q3 2027. In addition, further funds may be required to advance a US listing process ahead of associated fundraising receipts.

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 as and when required, 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2026
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2. MATERIAL ACCOUNTING POLICIES CONTINUED

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 2025.

New standards, interpretations, and amendments not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2026 reporting periods and have not been early adopted by the Group. These standards include:

- 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 FlowsThe effective date is 1 January 2026.
- IFRS 18 Presentation and Disclosure in Financial Statements. 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 2026
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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, 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	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 2026
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 indicators 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.

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2026
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2. MATERIAL ACCOUNTING POLICIES CONTINUED

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2026
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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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2026
CONTINUED

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, Brazil 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 Uberaba project management note that the current agreement with Mosaic does not give Rainbow a formal legal right to develop the project and accordingly costs have been recognised in the income statement in the Year.

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 2026 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.

Subsequent to the publication of the Interim Report significant additional test work has been undertaken, which has further refined and updated the proposed flow sheet for the recovery of the rare earths. The final expected products from Phalaborwa have also been defined as a combined 99.5% NdPr oxide and a mixed SEG+ carbonate containing heavy rare earth elements. These products are expected to be produced via a separation circuit incorporating industry-standard solvent extraction technology.

The full detailed assessment of the economic impact of these changes is not complete. An updated economic assessment for the Phalaborwa project, supported by appropriate bench scale and pilot scale test work, is expected to be published in Q4 2026. Overall the changes are not expected to change the assessment that Phalaborwa will be a low capital and operating cost intensity source of rare earths compared to development peers.

Whilst the Phalaborwa flow sheet remains subject to further development and updated cost data is not available, strong rare earth pricing underpinned by floor price agreements with all major non-Chinese producers of rare earth oxides demonstrate that Phalaborwa has significant headroom under all modelled scenarios for increases in costs whilst still delivering a strong economically attractive project. Accordingly, 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2026
CONTINUED

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 is expected to be 1.10% when commercial production commences in Q2 2029.
- 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.
- 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. A sensitivity analysis is set out in note 19.

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 2026 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 2026 US\$'000	Year Ended 30 June 2025 US\$'000
Employee remuneration (excluding share options)	(2,482)	(1,678)
Share-based payment charge	(276)	(707)
Audit of the Group financial statements ¹	(236)	(237)
Depreciation	(266)	(139)

1. Audit fees include US\$232k for the current year and US\$4k foreign exchange differences.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2026
CONTINUED

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 2026:

	Phalaborwa US\$'000	Gakara US\$'000	Unallocated US\$'000	Total US\$'000
Administration expenses	-	(167)	(3,372)	(3,539)
Research costs	-	-	(540)	(540)
Depreciation	-	(5)	(261)	(266)
Loss from operating activities	-	(172)	(4,173)	(4,345)
Finance income	-	152	96	248
Finance costs	-	(40)	(315)	(355)
Change in fair value of royalty financing liability	(3,020)	-	-	(3,020)
Loss before tax	(3,020)	(60)	(4,392)	(7,472)
Income tax expense	-	-	(1)	(1)
	(3,020)	(60)	(4,393)	(7,473)
Segmental assets	18,302	156	14,002	32,460
Exploration and evaluation assets	18,302	-	-	18,302
Property, plant and equipment	-	-	583	583
Right of use assets	-	5	317	322
Current assets	-	151	13,102	13,253
Segmental liabilities	(10,477)	(984)	(1,027)	(12,488)
Capital expenditure	939	-	261	1,200

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
Other 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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2026
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6. FINANCE INCOME

	Year Ended 30 June 2026 US\$'000	Year Ended 30 June 2025 US\$'000
Interest income	81	38
Foreign exchange gains	167	130
Total	248	168

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 2026 US\$'000	Year Ended 30 June 2025 US\$'000
Change in fair value of warrant liability (note 18 and 23)	(274)	(21)
Interest on bank borrowing (note 18)	(26)	(37)
Interest on lease liabilities (note 20)	(26)	(12)
Interest on taxes	(14)	(9)
Cost of royalty financing	-	(360)
Foreign exchange losses	(15)	(12)
Total	(355)	(451)

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 38 to 40. Directors' emoluments are set out on page 50. Total remuneration for key management personnel is summarised as follows:

	Year Ended 30 June 2026 US\$'000	Year Ended 30 June 2025 US\$'000
Wages and salaries	1,228	1,122
Bonus	-	(4)
Pension costs	4	17
Social security costs and similar taxes	68	8
Share-based payments	139	557
Total remuneration of key management personnel	1,439	1,700

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 2026 US\$'000	Year Ended 30 June 2025 US\$'000
Wages and salaries	2,480	2,053
Bonus	-	(4)
Pension costs	7	23
Social security costs and similar taxes	90	31
Share-based payments	276	707
Total employee remuneration	2,853	2,810

Staff costs include US\$517k capitalised within Exploration and Evaluation assets in the Year (2025: US\$426k) relating to the Phalaborwa project.

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

	Year Ended 30 June 2026	Year Ended 30 June 2025
Directors	7	7
Management and administration	50	41
Total	57	48

10. INCOME TAX EXPENSE

	Year Ended 30 June 2026 US\$'000	Year Ended 30 June 2025 US\$'000
Current tax expense	-	-
Prior year tax adjustment	(1)	-
Total tax expense for the year	(1)	-

The difference between the current 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 2026 US\$'000	Year Ended 30 June 2025 US\$'000
Loss for the year before tax	(7,472)	(3,154)
Income tax using the effective tax rate of 25% (FY 2025: 8.3%):	(1,868)	(263)
Effects of:		
Differences in tax rates	(20)	2
Other adjustments	293	52
Tax losses carried forwards	1,595	209
Total	-	-

Rainbow Rare Earths Limited is subject to 25% income tax in the United Kingdom. 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 US\$1,293k (30 June 2025: nil)
- Rainbow Rare Earths (Proprietary) Limited US\$516k (30 June 2025: US\$246k)

The above tax losses have no expiry date.

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11. LOSS PER SHARE

The earnings per share calculations for 30 June 2026 reflect the changes to the number of ordinary shares during the Year.

At the start of the Year, 643,688,150 shares were in issue. During the Year, a total of 56,004,105 new shares were allotted (note 22) and on 30 June 2026, 699,692,255 were in issue. The weighted average of shares in issue in the Year was 656,746,766.

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	
	2026	2025
Loss for the year (US\$'000) attributable to ordinary equity holders	(7,468)	(3,136)
Weighted average number of ordinary shares in issue during the Year	656,746,766	643,034,257
Loss per share (cents)	(1.14)	(0.49)

12. EXPLORATION AND EVALUATION ASSETS

	Phalaborwa US\$'000
At 1 July 2024	15,716
Additions	1,647
At 30 June 2025	17,363
Additions	939
At 30 June 2026	18,302

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 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
Additions	-	-	277	-	7	2	286
Disposals	-	-	-	-	-	(2)	(2)
At 30 June 2026	183	2,889	764	1,606	23	51	5,516
Depreciation							
At 1 July 2024	183	2,889	-	1,587	-	47	4,706
Charge for year	-	-	58	5	2	1	66
At 30 June 2025	183	2,889	58	1,592	2	48	4,772
Charge for the year	-	-	152	5	5	1	163
Disposals	-	-	-	-	-	(2)	(2)
At 30 June 2026	183	2,889	210	1,597	7	47	4,933
Net Book Value at 30 June 2026	-	-	554	9	16	4	583
Net Book Value at 30 June 2025	-	-	429	14	14	3	460
Net Book Value at 30 June 2024	-	-	-	19	-	2	21

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2026
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14. INVENTORY

	Year Ended 30 June 2026 US\$'000	Year Ended 30 June 2025 US\$'000
Consumables	1	1
Total inventory	1	1

15. TRADE AND OTHER RECEIVABLES

	Year Ended 30 June 2026 US\$'000	Year Ended 30 June 2025 US\$'000
Accounts receivable	-	107
VAT recoverable	211	191
Prepayments	89	97
Deposits paid	9	8
Accrued income	23	-
Total trade and other receivables	332	403

VAT recoverable relates to the input VAT recoverable in United Kingdom (US\$45k, 2025: US\$30k), Burundi (US\$138k, 2025: US\$137k) and South Africa (US\$28k, 2025: US\$25k). In Burundi, the Group has a BIF686m (US\$231k) 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 2026.

Expected credit losses were assessed at 30 June 2026 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 (2025: US\$nil).

16. CASH AND CASH EQUIVALENTS

	Year Ended 30 June 2026 US\$'000	Year Ended 30 June 2025 US\$'000
Cash at bank and in hand	12,920	3,933
Total cash at bank and in hand	12,920	3,933

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17. TRADE AND OTHER PAYABLES

	Year Ended 30 June 2026 US\$'000	Year Ended 30 June 2025 US\$'000
Trade payables	51	52
Accrued expenses	476	395
Taxes and social security	373	356
Other payables	10	110
Burundi land taxes and community contributions payable	340	290
Total trade and other payables	1,250	1,203

Tax and social security payables include BIF1.01 billion (US\$340k) 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 2026 US\$'000	Year Ended 30 June 2025 US\$'000
FinBank Loan	85	249
Warrant liability	450	176
Total borrowings	535	425
Borrowings fall due:		
Due within one year	535	340
Due between two to five years	-	85
	535	425

The following table analyses the movement in borrowings:

	Year ended 30 June 2026		Year ended 30 June 2025	
	US\$'000	US\$'000	US\$'000	US\$'000
Borrowings brought forward		425		437
Cash flows from borrowings				
Repayment of borrowings	(73)		(42)	
Interest paid	(20)		(20)	
		(93)		(62)
Non-cash movement in borrowings				
Interest charge on borrowings	26		37	
Revaluation of warrant liability	274		21	
Foreign exchange gain on BIF loan	(97)		(8)	
		203		50
Borrowings carried forward		535		425

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\$26k (2025: US\$37k). The loan is due to be repaid in full by April 2027.

Warrant liability

The warrant liability represents 2 million warrants issued to Pipestone Capital Inc., beneficially owned by George Bennett, CEO, with an exercise price of £0.0455 per share, originally issued in February 2020, which are recognised as a financial liability at fair value through profit and loss. The warrants were exercised and shares admitted to trading in August 2026.

NOTES TO THE FINANCIAL STATEMENTS
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19. ROYALTY FINANCING LIABILITY

	Year Ended 30 June 2026 US\$'000	Year Ended 30 June 2025 US\$'000
Proceeds from royalty financing agreement	-	8,500
Royalty financing liability brought forward	7,284	-
Change in fair value	3,020	(1,216)
Liability carried forward	10,304	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%.

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.
- A discount rate of 19.30%.

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.

At 30 June 2026 the royalty financing liability was revalued with updated key inputs as follows:

- The same rare earth production schedule used at 30 June 2025. First production is forecast to occur in Q2 2029 based on management's best estimate of DFS and construction timetables, with separation capacity developed alongside the leaching and recovery circuit, which is a change to the assumption used at 30 June 2025.
- Rare earth prices forecast by Argus Media Limited in May 2026, which were confirmed as still relevant at the balance sheet date.
- A discount rate of 18.89% representing
 - An interest rate of 13.90% based on 20-year US dollar denominated non-investment grade bond yields.
 - An additional risk premium of 4.99%.

As a result of the higher rare earth prices forecast by Argus Media Limited in May 2026, the fair value of the royalty financing liability increased to US\$10.3 million at 30 June 2026, 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.

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 2026.
- **Rare earth prices:** A 10% variance in forecast rare earth pricing has been modelled for sensitivity.
- **Timing of production:** A one-year delay to initial production has been modelled.

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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	Updated Liability	Impact US\$'000	Change %
Discount Rate	20.89%	9,111	(1,193)	-12%
Discount Rate	16.89%	11,729	1,425	14%
Rare earth	10% higher	11,334	1,030	10%
Rare earth	10% lower	9,274	(1,030)	-10%
Delay in production	12-month delay	8,645	(1,659)	-16%

20. LEASES

	Year Ended 30 June 2026 US\$'000	Year Ended 30 June 2025 US\$'000
Lease liabilities fall due:		
Within one year	114	89
Between two to five years	230	173
After five years	-	-
Total	344	262

The following table analyses the movement in lease liabilities:

	Year ended 30 June 2026 US\$'000	Year ended 30 June 2025 US\$'000	US\$'000
Lease liabilities brought forward	262		92
Cash flows from leases			
Payment of lease liabilities	(95)	(70)	
Interest paid	(26)	(10)	
		(121)	(80)
Non-cash movement in leases			
Recognition of lease liabilities	204	248	
Interest charge on leases	26	10	
Revaluation on termination	(27)	(8)	
		203	250
Lease liabilities carried forward	344		262

Right of use assets

	Land and buildings US\$'000
Balance as at 1 July 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
Right of use asset recognised in the year	48
Amendments to expected life	115
Depreciation in year	(103)
Changes in exchange rates	11
Balance as at 30 June 2026	322

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 2026 the Group leased an additional area at the laboratory facility in Johannesburg from October 2025, expected to be used for 49 months in line with the intended term of the primary laboratory lease. The expected lease term for the Mutambu camp in Burundi was extended in September 2025 with an assumption that the facility will be used until April 2027.

During the prior year 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.

There are no other lease commitments.

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21. PROVISIONS

	Rehabilitation provision US\$'000
At 1 July 2024	55
Discount	-
At 30 June 2025	55
Discount	-
At 30 June 2026	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 2026 US\$'000	Year Ended 30 June 2025 US\$'000
Share Capital	72,137	58,150
Issued Share Capital	72,137	58,150

The table below shows a reconciliation of share capital movements:

	Number of shares	US\$'000
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
July 2025 – Issued on vesting of Restricted Share Units	583,332	-
April 2026 – Share placing (cash receipts)	55,420,773	14,681
Costs associated with share issues	-	(694)
At 30 June 2026	699,692,255	72,137

- During the year:
- On 7 July 2025 583,332 shares were issued in respect of restricted share units which vested on 30 June 2025.
 - On 9 April 2026 55,420,773 shares were issued at a price of 20 pence per share, raising US\$14.7 million (before costs of US\$694k).

- During the prior 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 Bennett 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.

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23. SHARE OPTIONS AND WARRANTS

Employee share options

The total share-based payment charge for the Year was US\$276k (2025: US\$707k).

At 30 June 2026, the following employee share options were exercisable and outstanding:

	30 June 2026		30 June 2025	
	Number	Average weighted exercise price (pence)	Number	Average weighted exercise price (pence)
Share option plan				
Outstanding as at 1 July	8,052,000	14.09	10,596,700	13.30
Lapsed in the year	-	-	(2,544,700)	10.80
Outstanding as at 30 June	8,052,000	14.09	8,052,000	14.09
Exercisable as at 30 June	8,052,000	14.09	8,052,000	14.09
Long-Term Incentive Plan				
Outstanding as at 1 July	12,641,668	-	6,800,000	-
Lapsed in the year	-	-	(75,000)	-
Exercised during the year	(583,332)	-	(333,332)	-
Cancelled during the year	(25,000)	-	-	-
Granted in the year	-	-	6,250,000	-
Outstanding as at 30 June	12,033,336	-	12,641,668	-
Exercisable as at 30 June	9,999,997	-	7,008,324	-

- During the Year:
- On 7 July 2025, 583,332 shares were issued in respect of restricted share units which vested on 30 June 2025.
 - On 31 March 2026, 25,000 previously awarded share options were cancelled prior to vesting.

- During the prior 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.

The options and restricted share units outstanding at 30 June 2026 across both the share option plan and Long-Term Incentive Plan had a weighted average remaining contractual life of 5.4 years (2025: 6.2 years).

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23. SHARE OPTIONS AND WARRANTS CONTINUED

Warrants

	Number	Exercise price
Outstanding and exercisable at 30 June 2025 and 2026	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 July 2026. The warrants were exercised prior to expiry and the shares were issued and admitted to trading in August 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 2026	At 30 June 2025
Share price (GBP pence)	21.50	11.00
Exercise price (GBP pence)	4.55	4.55
Expected volatility	64.50%	39.96%
Risk free rate	3.83%	3.86%
Rate of Exchange	1.33	1.35
Time to exercise (years)	0.08	0.67

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.

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

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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		Total Group	
Country	Burundi		Burundi			
Effective non-controlling interest	3%		10%			
	30 June 2026 US\$'000	30 June 2025 US\$'000	30 June 2026 US\$'000	30 June 2025 US\$'000	30 June 2026 US\$'000	30 June 2025 US\$'000
Income statement						
Administrative expenses	-	-	(155)	(159)	(155)	(159)
Impairment	-	-	-	-	-	-
Depreciation	-	-	(5)	(15)	(5)	(15)
Net finance income / (costs)	-	-	111	(5)	111	(5)
Tax	-	-	-	-	-	-
Income / (loss) and total comprehensive income / (loss) for period	-	-	(49)	(179)	(49)	(179)
Total comprehensive income / (loss) attributed to NCI						
	-	-	(5)	(18)	(5)	(18)
Dividends paid to NCI	-	-	-	-	-	-
Cash flows						
Cash flow from operating activities	-	-	35	(58)	35	(58)
Cash flow from investing activities	-	-	-	-	-	-
Cash flow from financing activities	-	-	(189)	(70)	(189)	(70)
Net cash flows	-	-	(154)	(128)	(154)	(128)
Balance Sheet						
Non-current assets	-	-	5	1	5	1
Current assets	-	-	145	158	145	158
Non-current liabilities	-	-	(55)	(150)	(55)	(150)
Current liabilities	-	-	(763)	(767)	(763)	(767)
Intra-group loans	-	-	(576)	(438)	(576)	(438)
Net liabilities	-	-	(1,244)	(1,196)	(1,244)	(1,196)
Accumulated non-controlling interest	-	-	(125)	(120)	(125)	(120)

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26. RELATED PARTY TRANSACTIONS

	Year to 30 June 2026			Year to 30 June 2025		
	Charged in year US\$'000	Settled in year US\$'000	Balance as at 30 June 2026 US\$'000	Charged in year US\$'000	Settled in year US\$'000	Balance as at 30 June 2025 US\$'000
MPD Consulting Limited ¹	-	-	-	10	(10)	-
Hague House Management Limited ²	29	(29)	-	16	(16)	-
Kinsella Consulting Limited ³	4	(4)	-	5	(5)	-
Total	33	(33)	-	31	(31)	-

Notes

- MPD Consulting Limited, in which Pete Gardner, the Company's CFO, has a beneficial interest, recharged certain costs relating to third party UK administrative costs incurred on behalf of the Group in 2025. No transactions occurred in 2026.
- 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. The Board has reviewed the underlying transactions and is satisfied that they have been concluded on a third-party arm's-length basis at or below market rates for such accommodation. All payments have been made in line with the Board approved expense policy.
- 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 2025 leading to a revaluation of the warrant liability, which is recognised at fair value through profit and loss. The warrants were exercised prior to expiry and the shares were issued and admitted to trading in August 2026.

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:

Name of Company	Principal Activity	Country of Incorporation	% Share Capital Held	
			2026	2025
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%	100%
Rare Earths Processing Company (Pty) Ltd	Rare earth processing	South Africa	85%	85%

- Rainbow International Resources Limited is 100% owned by Rainbow Rare Earths Limited.
- Rainbow Burundi SPRL is in the process of being deregistered.
- Gilbert Midende holds a 3% interest in Rainbow Burundi SPRL.
- Rainbow Rare Earths Zimbabwe (Private) Limited is dormant and not trading and in the process of being deregistered.
- Rainbow Rare Earths (Proprietary) Ltd is 100% owned by Rainbow Rare Earths Limited.
- Phalaborwa Holding Company (Pty) Ltd is 100% owned by Rainbow Rare Earths Limited.
- Rare Earths Processing Company (Pty) Ltd is 85% owned by Rainbow Rare Earths Limited.
- Bosveld Phosphates (Pty) Ltd has a 15% interest in Rare Earths Processing Company (Pty) Ltd
- The Government of Burundi holds a 10% interest in Rainbow Mining Burundi SM

28. COMMITMENTS AND CONTINGENCIES

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

- 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 2026 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 2027.

There were no capital commitments at 30 June 2026 (30 June 2025: nil). Under the terms of the Gakara Mining Convention there are no minimum expenditure commitments in respect of exploration and evaluation activities.

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29. POST BALANCE SHEET EVENTS

On 7 August 2026, the Company announced the issue of 2,683,334 ordinary shares pursuant to the exercise of options and warrants and the issue of shares under the Company's Restricted Share Units ("RSU") scheme. The shares comprise:

- 2,000,000 ordinary shares issued to Pipestone Capital Inc., in which the Company's Chief Executive Officer, George Bennett, has a beneficial interest, following the exercise of warrants at an exercise price of £0.0455 per share;
- 166,667 ordinary shares issued to Atul Bali, a non-executive Director, under the Company's RSU scheme for nil consideration;
- 166,667 ordinary shares issued to J Peter Pham, a non-executive Director, under the Company's RSU scheme for nil consideration;
- 250,000 ordinary shares issued to Shawn McCormick, a non-executive Director, under the Company's RSU scheme for nil consideration; and
- 100,000 ordinary shares issued pursuant to the exercise of other employee share options for nil consideration.

On 10 September 2026 the Company granted 15,206,892 restricted share units / nil priced share options including 11,706,892 allocated to Directors and Key Management Personnel. Of these:

- 9,083,183 vest on 30 June 2027.
- 4,474,352 vest on 30 June 2028.
- 1,649,357 vest on 30 June 2029.

The total fair value of the restricted share units / nil priced options is US\$4.8 million which will be recognised over the vesting period.

These transactions represent non-adjusting events after the reporting period and, accordingly, no adjustment has been made to the amounts recognised in these financial statements.

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 2026, 95% of funds were held with a UK bank with a long-term A- credit rating (2025: 83%).

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, the Burundian Franc, and South African Rand. 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:

	Year Ended 30 June 2026 US\$'000	Year Ended 30 June 2025 US\$'000
Cash and cash equivalents		
US Dollars	8,069	3,039
GB Pounds	4,178	207
SA Rands	669	669
Burundi Francs	4	18
Total	12,920	3,933

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30. FINANCIAL RISK MANAGEMENT CONTINUED

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

	Year Ended 30 June 2026 US\$'000	Year Ended 30 June 2025 US\$'000
US Dollars	357	988
GB Pounds	376	332
Burundi Francs	423	600
South African Rand	453	303
European Euros	69	-
Total	1,678	2,223

A 10% strengthening in the relevant exchange rates against the US Dollar would result in a decrease in the Group's profit or loss and equity of approximately US\$114k. A 10% weakening in the relevant exchange rates against the US Dollar would result in an increase in profit or loss and equity of approximately US\$139k.

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 2026				As at 30 June 2025			
	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	1,250	-	-	-	1,203	-	-	-
Loans and borrowings	85	-	-	-	163	85	-	-
Royalty financing liability	-	-	6,482	43,003	-	-	4,058	37,357
Lease liabilities	131	120	125	-	102	76	112	-
Total	1,466	120	6,607	43,003	1,468	161	4,170	37,357

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 2026 US\$'000	30 June 2025 US\$'000
Loans (note 18)	535	425
Royalty financing liability (note 19)	10,304	7,284
Less: Cash and cash equivalents	(12,920)	(3,933)
Net debt / (cash)	(2,081)	3,776
Total equity	19,972	13,182
Ratio	(10.42%)	28.65%

31. ULTIMATE CONTROLLING PARTY

The Company does not have a single controlling party.

SHAREHOLDER INFORMATION

DIRECTORS AND ADVISERS

Executive Directors

George Bennett – Chief Executive Officer
James Beams

Non-Executive Directors

Adonis Pouroulis – Chairman
Alexander Lowrie
Shawn McCormick
Atul Bali
Ashleigh Woolf

Company Secretary

Scorpio Secretarial Services Limited (Guernsey)

Registered office

Connaught House, St Julian's Avenue
St Peter Port, Guernsey GY1 1GZ

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)
BMO Capital Markets 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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