31 October 2022

Rainbow Rare Earths Ltd ('Rainbow' or 'the Company')

Report on Payments to Governments for the 12 months ending 30 June 2022

Rainbow, the rare earth element mining company, today publishes its report on payments to governments for the 12 months ended 30 June 2022 (the "Report").

The Report provides an overview of the payments to governments made by Rainbow and its subsidiaries, arising from business activities, for the year ended 30 June 2022 as required under the UK Reports on Payments to Governments Regulation 2014 and its amendment in December 2015 (the UK Regulations). This Report is also intended to satisfy the requirements of the Disclosure and Transparency Rules (DTR 4.3A) of the Financial Conduct Authority in the United Kingdom.

This information is substantially a reproduction of information set out on page 19 of the Rainbow Rare Earths Limited Annual Report and Accounts 2022.

The governments to whom payments listed in this report have been made are those of the Republic of South Africa (relating to the Group's corporate overhead) and the Republic of Burundi (relating to the Gakara Project). There are no payments to the UK government in the year ended 30 June 2022 following the cessation of trading of the UK subsidiary company.

The table below, sets out the key payments to government, as direct taxes (such as land taxes, duties etc) as well as indirect taxes arising as a result of Rainbow's activity (such as payroll taxes, withholding tax, and net VAT movements in the period).

Payments disclosed in this report are shown in US Dollars. Actual payments have been made in South African Rands and Burundian Francs, however, have been translated at average monthly rates.

	FY 2022			FY 2021		
US$'000	**South Africa**	**Burundi**	**Total**	UK	Burundi	Total
Royalties	**-**	**-**	**-**	-	36	36
Permit and land taxes	**-**	**-**	**-**	-	-	-
Corporation tax	**-**	**2**	**2**	-	-	-
Duties & other	**-**	**-**	**-**	-	22	22
Total tax borne	**-**	**2**	**2**	-	58	58
Payroll tax	**44**	**79**	**123**	91	154	245
Withholding tax	**-**	**-**	**-**	-	13	13
Net VAT	**(22)**	**(4)**	**(26)**	-	(12)	(12)
Total net payments to government	**22**	**77**	**99**	91	213	304

Royalty payments relate to the Burundi government royalty of 4% charged on the value of exports of rare earths mineral concentrate. No royalties were paid in the current year as operations in Burundi, including all exports, are suspended by the Government.

Permits and land taxes include annual taxes payable to the Government of Burundi under the terms of the Mining Convention for the Mining Permit at Gakara – no payments were made during the current financial year as the Burundi operations are suspended, with the annual cost accrued in the financial statements.

Corporation Tax is payable in Burundi based on a minimum 1% of turnover whilst the local operating entity remains loss making. No turnover was reported in the current year with the reported tax payments relating to payments on account to be off set against future tax liabilities.

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.

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