

30 January 2018

Business Update – Quarter ended 31 December 2017

Highlights

- Commenced training for several new clients, including South32's Mozal aluminium smelter and the state-owned operator of Maputo Port, Maputo Port Development Company (MPDC)
- **FuturoCARD** training record attracting widespread interest in Mozambique, with issuance to commence in Q1 2018
- Constructive discussions underway with Mozambique's National Professional Education Authority (ANEP) regarding development of National Training Standards
- RBR's database of Mozambique workers for future labour broking continues to grow and currently contains approximately 1,000 people
- Futuro Maritimo JV with South Africa's Subtech progressing well
- Significant increase in tender activity related to the LNG projects in northern Mozambique, suggesting that development activities are ramping up
- Registration of Futuro Skills Guinea Sarl is underway

Labour solutions provider RBR Group (ASX: RBR) ("RBR", "the Company") is pleased to provide an update on its business activities in the quarter ended 31 December 2017.

Operational Review

Mozambique

As reported recently, the US\$8bn Coral Floating Liquefied Natural Gas (FLNG) project being developed by Italian company Eni and its partners marks Mozambique's first step as a regional and global offshore natural gas producer and supplier. The landmark energy deal is the first of its kind in the country and should transform Mozambique's growth prospects. Similarly, Anadarko and its partners in the 12Mtpa on-shore LNG project, which is an order of magnitude larger than Coral, continue to make progress towards their Final Investment Decision (FID), possibly in the second half of 2018.

RBR continues to make strong progress in Mozambique. Management's focus is on ensuring that RBR is ready and able to provide its full suite of services to achieve the vision of "**Delivering skilled labour to site every day**", especially for large projects such as mine developments and LNG projects. Each of the business units continues to refine its existing products and services, skill/train its staff, grow its client base and develop innovative products which place them ahead of competitors.

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In the case of Futuro Skills Mozambique (FSM), the team is working with Mozambique’s National Professional Education Authority (ANEP) regarding development of National Training Standards. ANEP assumed responsibility for this from the Institute of Employment and Vocational Training late last year. The training program underway with South32’s Mozal aluminium smelter is using a portion of the material included in these proposed National Training Standards. The next program with Mozal, due to start in February, will cover another section of these standards.

Employers and employees in Mozambique currently have, in general, a low level of health and safety awareness but a desire to address the deficiency. FSM has developed a suite of health and safety training programs, contextualised to Mozambique’s laws, employment conditions, languages and culture. The first major client to commence this training is the Maputo Port Development Company, a government owned entity responsible for operating the port of Maputo. Other government agencies and associated entities, such as Customs and Excise, have indicated an interest in commencing these programs.

Training activities continue with Swisscontact with a strong pipeline of future work, and a major oil and gas company has indicated that FSM should expect work in Q2 2018.

A significant differentiator for RBR in Mozambique is the development and launch of the **FuturoCARD**. The system underpinning the **FuturoCARD** links candidate/student information captured in FSM’s student management system (all their personal particulars, qualifications and other training), with RBR’s labour broker database (with the permission of the individual). RBR’s labour database now contains almost 1,000 candidates and is growing steadily. The individual is issued with a credit card-sized plastic identity card and training record which contains all their non-confidential information in a robust, secure and easy-to-read format. The individual no longer needs to keep their paper certificates at hand, and RBR’s system will automatically generate alerts if/when qualifications are due for renewal. Employers benefit greatly too, as their employees’ qualifications and competencies can be checked instantly in the field via a free QR-code reader application, before commencing with any work.



Above: **FuturoCARD** Front (left) and Rear (right). QR-Code contains the individual’s information.

The above **FuturoCARD** is attracting a high level of attention and interest from the Mozambique government (with the potential to adopt it nationwide), industry and other stakeholders including INEFP, other private training organisations, donor agencies and corporate clients.

The Futuro Maritimo JV with Subtech from South Africa is progressing well. The Joint Venture company registration is underway, course materials have been developed and are being contextualised for Mozambique (translated, and adapted to meet local regulations and standards). An application for accreditation as a maritime training organisation has been lodged with Mozambique’s

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maritime institute, INAMAR. It is RBR's intention to have this JV fully operational well ahead of the anticipated growth in demand for Mozambican mariners crewing the flotilla of vessels servicing the LNG projects.

PacMoz's human resources and payroll services remains stable, providing full payroll services to 19 companies with approximately 250 staff, of which up to 60 are expatriates. Futuro Business Services (FBS) handles the entire administration process for these expatriates, including immigration services, proof of equal qualification, and work permits. Furthermore, PacMoz and FBS manage the complete labour-related documentation requirements and general business administration of 25 companies and their Mozambican branches.

Guinea

Futuro Skills Guinea Sarl (**FSG**), a Joint Venture between RBR and Guinean company SEPIS Sarl (see ASX announcement dated 4 December 2017) is being registered at present. Good progress has been made on adapting and contextualising FSM's Mozambican training materials for use in Guinea, and translating them into French. Prospective local employees and contract trainers are being identified ahead of a management visit in February, at which time the candidates will be interviewed and, if suitable, recruited.

RBR expects FSG to commence operating in Q2 2018, with the aim of replicating the Mozambique model and introducing a French version of the **FuturoCARD** there, too. The primary focus will be on the Guinean mining industry.

Mongolia

The final stage of the work at Rio Tinto's Oyu Tolgoi copper-gold operation in the South Gobi Desert is being conducted by Futuro Skills' partner Mongolia Talent Network, led by local staff trained during the initial sessions. Futuro Skills does not currently intend to pursue further work in Mongolia, preferring to focus attention on Mozambique and Guinea.

Australia

The Veolia contract came to an end in November 2017. Although there have been discussions on further work, Futuro Skills has not secured additional contracts. The UGL Limited work is entirely driven by the timing of their maintenance contracts, and no work took place in December 2017.

Corporate

On 7 December 2017, RBR announced a share placement and options issue to raise up to \$1.435 million to fund its African growth plans.

RBR raised an initial \$490,000 through the issue of 70 million shares at a price of \$0.007 per share to sophisticated and professional investors (Placement). The issue price represented a 7.7% premium to the five-day volume weighted average price.

For every four shares taken up in the Placement, investors received three free-attaching unquoted options exercisable at \$0.018 on or before 30 June 2018. Should all the options be exercised, an additional \$945,000 would be raised.

The Placement funds will be primarily allocated to improving RBR's facilities in Mozambique and expanding its training capabilities as it prepares for the anticipated increase in demand for skilled

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workers driven by the development of the country's liquefied natural gas industry, in addition to funding working capital in Australia. A smaller portion will be reserved for assisting with the Company's expansion into Guinea.

RBR finished the period with \$417k in cash with the final \$70k from the placement announced on the 7 December 2017, allotted in January 2018. Barring a breakout contract announcement related to Mozambique LNG developments, the Company anticipates revenues to remain consistent over the March 2018 quarter.

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ABOUT RBR GROUP: Perth-based RBR Group is a leading provider of holistic labour solutions to the resources and construction sectors globally. Through its subsidiaries, RBR has the capacity to deliver a range of services including labour broking, international standard training, permitting and visa coordination, pre-employment medicals, occupational health monitoring, injury management and on-site medical support. RBR is one of only a handful of companies that holds a labour broking licence in Mozambique, positioning it strongly to assist in meeting the substantial training and resourcing needs of the country's burgeoning construction, mining and liquefied natural gas industries. The company is also seeking to expand its presence in other emerging markets with strict local content laws and generally low levels of education and training and owns a registered training organisation in Australia.

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