

30 April 2018

Business Update – Mozambique and Guinea

HIGHLIGHTS

- **Tender activity in Mozambique suggests major LNG-related work flows to start late 2018-early 2019**
- **Positive outlook for revenue growth based on anticipated LNG-related work and a number of outstanding proposals**
- **RBR database of ~10,000 Mozambican workers expected to expand rapidly to +50,000 in 2018**
- **Early efforts to replicate Mozambique model in Guinea meeting enthusiastic response**

International labour solutions provider RBR Group (ASX: RBR) (“RBR” or “the Company”) is pleased to provide an update on its recent business activities and developments in the target markets of Mozambique and Guinea, where resources development is expected to drive strong demand for training and labour services for years to come.

MOZAMBIQUE

LNG Projects nearing FID

The development of Mozambique’s oil and gas industry continues to loom as the single biggest driver of demand for RBR’s services, with the liquefied natural gas (LNG) projects proposed for the country’s northern Rovuma Basin requiring up to 50,000 workers at peak construction.

RBR notes that significant earthworks and construction activity has begun in the Palma district of northern Mozambique, much of which is linked to the resettlement of residents in preparation for the construction of onshore infrastructure associated with the LNG developments.

In another promising sign, the Company has seen a number of tenders issued for project-related work, with tender schedules indicative of large-scale works commencing in early 2019. This aligns with the prevailing view in Mozambique that a Final Investment Decision on the Anadarko-led US\$24 billion, 12Mtpa Mozambique LNG Project, as well as Eni and ExxonMobil’s even larger 15.2Mtpa onshore LNG project, will be taken around the same time.

Project developers are exploring opportunities to commence regional community work readiness programs in the near future as they begin to recognise the practical difficulties of addressing the local skills shortage.

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Over the course of the past quarter, RBR has focused its efforts on the accelerated development and growth of the **FuturoCARD** and skills database. Whilst this has resulted in significant expansion in the database numbers (see below), there has been a short-term reduction in contract work and revenues. These, however, are expected to improve significantly in coming quarters as a result of:

- Futuro Skills continuing to deliver the South32 Mozal contract and winning new work from South African energy and chemical company Sasol;
- The conversion of a number of outstanding proposals with existing clients and potential new clients that are at an advanced stage of negotiation; and
- The anticipated commencement of LNG-related work in late 2018.

Database expansion

RBR's stated goal is to "supply skilled staff to the workplace every day" and in light of this, the Company's biggest asset is its database of potential staff and their work-readiness credentials, which is growing daily.

The database currently contains approximately **10,000** names of Mozambican workers, but RBR is confident of adding more than **50,000** new candidates this calendar year through partnerships with government, training organisations and recruitment companies.

These partnerships operate on the basis of RBR providing high quality local training and access to the Company's **FuturoCARD** record-keeping technology in exchange for access to the organisations' labour databases. In most cases, the partners are not competitors and welcome support in placing their candidates in formal employment.

GUINEA

Replicating Mozambique Model

RBR's vision for Guinea is much the same as Mozambique – to become the pre-eminent provider of labour solutions to industry – except that the primary target is mining rather than oil and gas.

The Company has established a Joint Venture company with Guinean labour services firm SEPIS, Futuro Skills Guinea (FSG), which is now licensed as a training provider, and is seeking to create a "Mining Centre of Excellence" in the Boké region, the heart of the country's bauxite mining industry.

Government indicates strong support

FSG has submitted a concept paper entitled "*Development and Supply of Skilled Labour in Guinea*" to the Guinean government with a view to securing endorsement as the government's preferred supplier of training programs to the mining industry, and is confident of achieving a positive outcome in the near future.

The strategy in Guinea is to replicate RBR's successful Mozambique model, establishing a pool of work-ready, skilled locals and creating a skills database managed by FSG. The JV company would then be the primary provider of employees to the mining industry via placement or labour broking services, which would attract a fee.

FSG already has a Memorandum of Understanding in place with the Office Nationale de Formation et de Perfectionnement Professionels (ONFPP), which administers the government's training fund. The reception from other government departments and organisations including the Guinean Chamber of Mines and the School of Maritime Training has been enthusiastic and bodes well for FSG's future.

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CORPORATE FUNDING

As announced to the ASX on 7 December 2018, RBR undertook a share placement to raise \$490,000. Investors were granted attaching unquoted short-dated (30 June 2018) options that on exercise would raise an additional \$960,000.

With continued operational news flow and successful conclusion of contract negotiations, the Company is confident of securing this additional funding.

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About RBR Group Limited: Perth-based RBR Group Limited is a provider of holistic labour solutions to the resources and construction sectors globally, with a focus on developing nations. Through its subsidiaries, RBR has the capacity to deliver a range of services including recruitment, medical screening and health monitoring of workers, international standard training, labour broking, and company registration, permitting and visa coordination. RBR holds a labour broking license 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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