



31 July 2018

June Quarterly Report

RBR prepares to capitalise on impending US\$50b LNG construction boom in Mozambique

Strong progress during the quarter leaves RBR well-placed to provide labour and training services to these world-scale LNG projects, which will need 50,000 workers

HIGHLIGHTS

- **Significant progress made on several fronts in preparation for next year's expected Final Investment Decisions (FID) on US\$50b of Mozambique LNG Projects.**
- **As part of this work, RBR added 100,000 job seekers to its Mozambique database.**
- **RBR on track to be accredited by the UK's Engineering and Construction Industry Training Board (ECITB) in the December quarter. All LNG construction workers will have to pass ECITB assessments. RBR focusing on supplying workers and training in six core disciplines.**
- **Potential new contracts offer scope for revenue growth in near term.**
- **Growing capacity to meet accelerating demand for RBR services.**

Labour hire and training specialist RBR Group (ASX: RBR) is pleased to present its June Quarterly Report and Business Update.

US\$50 billion Mozambique LNG construction project

The giant LNG projects, one of which will be built by the Anadarko-led consortium and the other by the ExxonMobil-led consortium, are expected to present their respective decision makers with their FID in 2019. Company statements and news articles suggest these two giant onshore LNG projects will require a combined capital investment of approximately US\$50 billion and employ a peak construction workforce of up to 50,000. This will be one of the largest investments ever in Africa, and certainly the largest investment in Mozambique.

Local content

There is an expectation that the government will mandate a local content quota of between 10% and 25% of the total capital spend, with press articles suggesting a final level of around 18% being likely. Mozambique produces very little in terms of industrial goods, with the bulk of local content expenditure likely to comprise labour-related expenditure (training and workers' wages) and logistics. RBR is perfectly positioned for the labour element.

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Anadarko

In the case of the Anadarko-led 12 Mtpa project, four major “early works” capital projects have already been approved to allow construction to start swiftly as soon as the final investment decision is made:

- i. the construction of a highway between Palma and Afungi;
- ii. award of the contract for the construction of an airstrip in Afungi to service the construction and production phases of the project;
- iii. the Anadarko camp is in process of being shipped in, first containers are at sea;
- iv. significant increase of housing for construction workers from 400 to 1150 beds.

These projects are in addition to the work of resettling the 1,500 families who live in the area, which commenced earlier this year. Furthermore, Anadarko has issued several public “Expressions of Interest” for the supply of services, including: marine warranty survey services (closing 13 August 2018) and global employment services (which closed on 13 July 2018).

Anadarko also stated that this project paves the way for significant future expansion to production of up to 50 Mtpa LNG.

ExxonMobil

The even larger, ExxonMobil-led 15.2 Mtpa project entails the construction of two of the world’s biggest liquefaction units outside Qatar, and is rapidly gaining momentum. Both projects are now projecting similar dates for the start of production - Anadarko has pencilled in 2023/24, whilst ExxonMobil is looking at 2024.

Eni

In addition to the onshore LNG projects, Eni has already taken its FID to develop a Floating Liquefied Natural Gas (FLNG) project in Area Four of the same Rovuma Basin. The FLNG platform is to start production in 2022, with a capacity of 3.4 Mtpa. Most of the US\$8b investment will be spent abroad, with limited noticeable impact on Mozambique.

The growing database is central to RBR’s strategy to be a leading supplier of labour and training to the LNG projects, which will require 50,000 workers

In June, Mozambique’s President Nyusi announced that Anadarko will recruit in the coming months more than five thousand workers, mainly young people from the district of Palma, Cabo Delgado, for the construction works of the natural gas liquefaction plant.

According to President Nyusi, the US firm will soon present a corresponding recruitment plan to the Government. “It was at our request because we have to know the type of workforce that the company intends to recruit, to train young people who can access employment opportunities in the company,” indicated the Head of State.

RBR has expanded its network of potential Mozambican job seekers by more than **100,000** people through database agreements with local companies. The databases now accessible to RBR comprise job seekers with a range of education standards, training and work experience and these job seekers will carry the unique FuturoCARD offering potential employers’ instant access to the employees’ training and competency assessment records. This is a very significant differentiator between RBR and others in the labour industry.

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RBR is poised to be the first and, ultimately, one of just a few organisations in Mozambique which will be accredited by the UK's Engineering and Construction Industry Training Board (ECITB).

This will leave RBR strongly positioned because Anadarko has stipulated that all the LNG workforce contracted to its project must hold certain minimum ECITB qualifications. There is a strong expectation that other major project proponents Exxon and Eni will follow suit.

RBR's accreditation will enable it to assess and train potential workers against the ECITB standards, preparing them for employment in the LNG industry via RBR's recruitment services.

Under the Government's current labour laws, 19 of every 20 workers will have to be Mozambicans. While there are likely to be concessions provided to the projects during both construction and operation, there will remain a significant local employment requirement, meaning RBR's database of jobseekers, along with its assessment, training, and labour hire capabilities, will be extremely valuable.

Positive outlook for revenue growth

RBR has already secured key contracts with leading service providers to the resources industry. These include Hytec, which is part of the Bosch Rexroth group, South African-based logistics company Grindrod, which operates the Matola Coal Terminal, and Capital Star Steel, which manufactures high-frequency welded steel pipe and serves the International Oil and Gas, Mining and the Bulk Water industry.

RBR will provide these companies with a range of skills training across multiple disciplines.

In addition, RBR will next month start a new training contract for employees at South32's Mozal aluminium smelter.

The Port of Mocimboa da Praia, situated 80km from Afungi (where the LNG projects are being developed), received its first vessel on 13 June 2018, transporting a crane and container in preparation for handling the first cargoes of cement arriving for the LNG projects. See picture below.



Mocimboa da Praia - First cargo delivery

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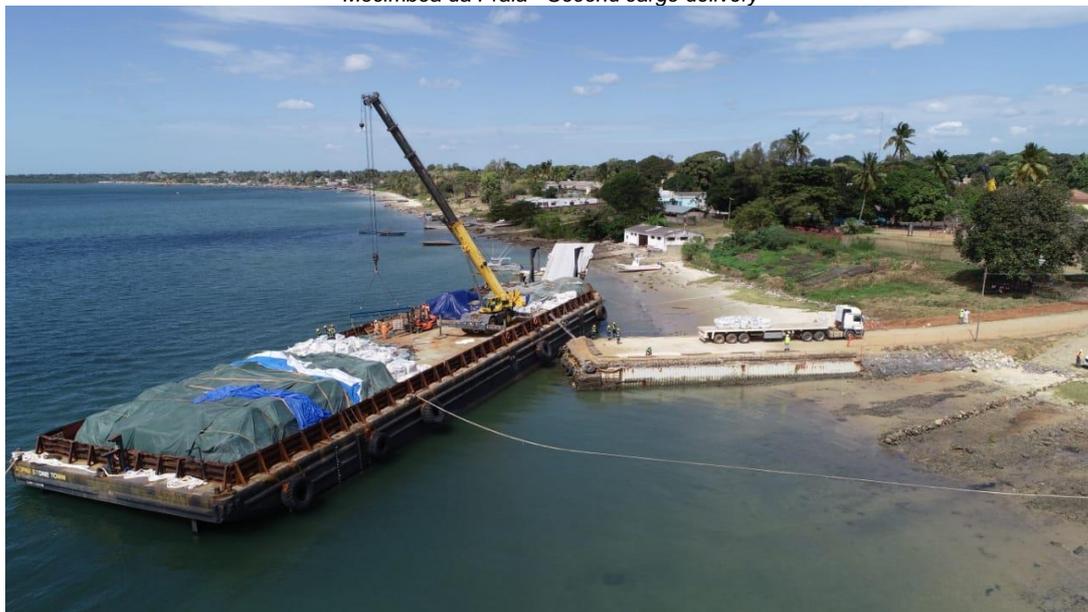


In anticipation of this vessel at Mocimboa da Praia, RBR completed safety and risk awareness training for 36 stevedores and general workers under a contract with Zona Norte, which operates the port of Mocimboa da Praia. The logistics agents for the cargoes, LBH Mozambique, insisted on RBR training as a single source supplier and the stevedores have now completed unloading of the second large barge of cranes being imported for the site. The third barge for the site will deliver housing units and a shipping schedule for cement and housing is confirmed for the next five months. RBR-trained stevedores will be handling all these cargoes but it importantly signifies a significant ramp up of commercial activity and major stakeholders beginning to position key construction equipment to site.

A potential camp and training centre facility for RBR has now been identified in Palma, within 5 kilometres of the Afungi site.



Mocimboa da Praia - Second cargo delivery



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Growing capacity in the RBR team

With the growing pipeline of contractual work in Mozambique and further promising prospective opportunities in Mozambique, Guinea and Australia under development, RBR has bolstered its capacity with several key appointments.

In Australia:

- RBR has appointed Bill Anderson to develop RBR's profile and relationship with the oil and gas companies building the LNG projects in Mozambique. He is an experienced industry veteran who, most recently, held an executive position with global resourcing solutions and mobility specialist Brunel. Mr Anderson brings his unrivalled experience and industry network to RBR.

In Mozambique:

- RBR has appointed an operations manager to oversee the day-to-day operations and administration of its Mozambican subsidiaries. The Mozambican incumbent and certified accountant has more than 30 years' experience with multinationals, and has worked in several African countries;
- Futuro Skills Mozambique (FSM) has a new manager with the appointment of a bilingual (English and Portuguese) individual with over 10 years of experience in the training industry in South Africa and Brazil;
- FSM has also appointed a lead trainer who has over 20 years' experience in the Mozambican training industry, working for both private and government-owned entities. He has delivered several training programmes for FSM as a contract trainer in recent months.

In Guinea:

- RBR's JV company, Futuro Skills Guinea, has appointed two employees with experience in business development and training, to pursue growth opportunities in this market.

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