

4 October 2018

RBR to raise up to \$1.5m via Convertible Notes to prepare for opportunities from US\$50b Mozambican LNG boom

Proceeds will be used to purchase training equipment, recruit skilled locals and upgrade IT systems ahead of labour hiring campaigns for the LNG projects

Labour hire and training specialist RBR Group (ASX: RBR) is pleased to advise that it is seeking to raise up to \$1.5 million via the issue of Convertible Notes as part of its preparations to capitalise on the US\$50 billion LNG construction boom about to get underway in Mozambique.

RBR has already received non-binding commitments to subscribe for ~A\$500,000 worth of the notes, which will be issued to institutional, sophisticated and professional investors.

RBR believes it is ideally positioned to secure substantial training and labour hire contracts associated with the three LNG projects underway or planned for Mozambique.

Construction of the onshore projects is expected to start in the first half of next calendar year, meaning major contracts will be issued in coming months.

RBR already holds a labour broking licence from the Mozambican Government. This is central to RBR's labour supply aspirations. It has also gained access to over 110,000 Mozambican job-seekers.

RBR has just completed an accreditation audit by the UK's Engineering Construction Industry Training Board (ECITB). The scope of the audit included health and safety as well as the five technical disciplines (non-critical welding, scaffolding, rigging, pipe fitting and steel erecting) which are expected to account for the bulk of the LNG construction workforce.

Global petroleum giant Anadarko, which owns one of the Mozambican LNG projects, has stipulated that all workers contracted to its project must hold internationally-recognised qualifications, with ECITB qualifications identified as being most suitable for the local workforce. There is an expectation that the other major project proponents, ExxonMobil and Eni, will adopt the same standard.

This means ECITB accreditation would leave RBR strongly positioned to capitalise on the significant training and labour hire opportunities which will flow from the LNG boom. Once accredited, RBR will be authorised to assess and train potential workers against the ECITB standards, preparing them for employment in the LNG industry via RBR's recruitment services.

The giant LNG projects are expected to require a peak construction workforce of up to 50,000 with a requirement from government that a material portion of the workforce be locally sourced.

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Delivering skilled labour to site, every day



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The proceeds of the Convertible Note issue will be used to:

- Purchase equipment for training activities;
- Enter into lease/rental agreements on training facilities in the north of the country near the LNG construction sites;
- Further enhance local capabilities by recruiting Mozambican staff with key skills;
- Upgrade IT systems ahead of business growth;
- General working capital purposes.

The key indicative terms of the unsecured Convertible Notes are below (Appendix A).

A Notice of General Meeting seeking, amongst other matters, approval for the Convertible Notes will be issued shortly.

For more information, please contact:

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Appendix A

Key indicative terms of the Convertible Notes

Term: 2 years.

Interest rate: 12% p.a.

Conversion: The Convertible Notes may be converted in whole into ordinary shares at the election of the Noteholder at any time after 6 months from date of issue until maturity. The conversion price will be the lower of 1.5 cents per share or the price of any equity capital raising by the Company within the two months prior to the Noteholder's election to convert Convertible Notes, subject to a minimum of 1.0 cents per share.

Redemption: The Convertible Notes will be redeemed at maturity if not converted. The Company may redeem the Convertible Notes prior to maturity subject to providing written notice and:

- Paying the Noteholder the full value of the Notes in cash;
- Issuing options to each Noteholder for nil consideration on the basis of one (1) new option for each five (5) shares that otherwise would be issued had the Noteholder elected to convert; and
- Paying to each Noteholder an additional amount of cash equal to 12 months interest (less any amount already paid) as at the date of the Redemption Notice.

The Convertible Notes will include other terms standard for this type of funding instrument, and the conversion terms will be subject to shareholder approval.

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