



31 July 2019

June Quarterly Report

Final Investment Decision on US\$20b LNG project paves way for RBR to tender its services for major construction contracts

Large contracts are expected to be put out to tender imminently, enabling RBR to capitalise on its extensive skills assessment, training and labour services

Labour and training specialist RBR Group (ASX: RBR) is pleased to present its June 2019 Quarterly Report.

During the quarter, RBR continued to establish the capabilities which will enable it to be a key provider of labour-related services to the impending LNG construction boom in Mozambique.

During the quarter, Anadarko Petroleum and its joint venture partners announced a Final Investment Decision (FID) in favour of their US\$20 billion Mozambique LNG Project (“Moz LNG”), which is the largest single LNG project approved in Africa. This was the second LNG project in Mozambique to receive a positive FID (Eni’s floating LNG being the first) and a larger onshore LNG project led by Eni and Exxon Mobil is understood to be proceeding towards its FID in the coming months.

These two onshore LNG projects have a combined estimated capital cost of US\$50 billion. LNG projects of this scale typically take about five years to construct and are expected to have a peak construction workforce of up to 50,000.

There is both a legal requirement and corporate commitment by the investors in both projects to maximise employment opportunities for Mozambicans, requiring significant investment in training.

RBR believes that the EPC Contractor for the Anadarko-led project will be given Notice to Proceed in the coming few days.

With the FID in place, RBR took significant steps during the quarter to ensure it is fully prepared to bid for the supply of our services under these large contracts, which are expected to start being put out to tender imminently.

As part of these preparations, RBR secured a venue for its training activities in the town of Palma, commencing 1 August 2019. Palma was chosen as the Company’s northern hub because it is the primary town in close proximity to the LNG construction site, whereas the province’s capital city, Pemba, is situated over 400km from the site by road. Staff and equipment have been allocated and initial activities will focus on the internationally-recognised ECITB International Health and Safety Passport, as well as a range of skills relevant to the activities taking place in the region.

Training efforts will focus on Mozambican citizens from the stakeholder communities, with the aim of creating employment opportunities for them in semi-skilled and skilled roles. RBR’s Futuro Skills has the relevant ECITB accreditation in five technical disciplines which are key to the construction activities.

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Delivering skilled labour to site, every day



The main construction-related activities which will commence within the coming six months include:

- major earthworks (clearing, grubbing, infill and stabilization)
- camp accommodation with at least 10,000 beds and associated facilities
- a reverse osmosis plant to provide a safe source of water
- a temporary beach landing for the receipt of material, plant and equipment
- temporary facilities such as fencing, site offices, warehouses, laydown areas, waste facilities, fuel depot and temporary power
- concrete batch plant with aggregate receipt and storage.

RBR is in regular contact with the companies bidding for, or already holding, these contracts, all of which are awaiting Notice to Proceed.

In addition to the LNG construction contracts, RBR's Futuro Skills has secured further training work from the NGO Swisscontact, which is funding the training of employees of small construction businesses in the Maputo region. To date, Futuro Skills has trained 372 candidates for Swisscontact, of which 67 were trained in July 2019. Another 56 students are scheduled for August.

The contract with South32's Mozal continues on a month-by-month basis. Mozal appointed Futuro Skills as its sole provider of a range of training and assessment services to all its contractors, as required for entry to site. The contract generates variable revenues up to about \$20k per month (driven by contractor volumes each month).

Capital and Future Funding:

As at quarter end, the Company had cash balances of \$414k.

Operational receipts from customers in Mozambique of \$118k were improved on the March quarter's \$68k. At the end of July, an additional \$52k was received for work performed in the June quarter. These revenues are from the Futuro Skills training services delivered predominantly in the southern half of the country.

With the positive FID on Moz LNG and subsequent Notice to Proceed, as outlined above, the EPC contractor will now award significant construction contracts requiring the types of services offered by RBR. As a result, the Company is targeting sustainable revenues to commence over the coming quarters from direct engagement with sub-contracting parties on the LNG projects.

29,321,429 options over ordinary shares exercisable at \$0.018 each, expired unexercised on 31 July 2019.

RBR is in discussions with existing shareholders and market participants who are committed to funding the Company going forward. As part of these discussions, RBR is seeking to determine the preferred funding avenues which may include either a placement or entitlement issue.

The Company will advise shareholders in this regard in due course.

For more information, please contact:

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