

31 October 2019

September Quarterly Report

Mozambique LNG Boom: Momentum building in lead up to issue of key contracts and start of construction

RBR made steady progress during the quarter on building its profile and alliances with the intent to secure a position as a key provider of training and labour services to the US\$50 billion LNG construction industry.

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

Industry Update:

The past quarter saw two significant events take place in the Mozambique LNG industry. The first was the completion by French oil group Total of its acquisition of Anadarko Petroleum's 26.5 per cent stake in the 12.88 Mtpa Mozambique LNG Project.

Total Senior Vice President Gas, Laurent Vivier, said the acquisition added an important new element to Total's LNG portfolio, and production at the project would start in 2024 given most of the quantities were already sold on long-term contracts and excellent terms.

The second significant event was the Government of Mozambique and the Exxon Mobil (Exxon)-led consortium behind the Mozambique Rovuma Venture announcing on 8 October 2019 an Initial Investment Decision for the US\$33 billion, 15.2 Mtpa LNG project. The Initial Investment Decision paves the way for Exxon and its partners to invest more than US\$500 million in the initial construction phase of Rovuma. A statement from Mozambique's Ministry of Mineral Resources and Energy said the consortium is expected to announce the Final Investment Decision in 2020.

These two onshore projects mean that Mozambique is poised to host one of the biggest construction sites in the world, requiring tens of thousands of workers on site with the number growing as the surrounding infrastructure and municipality develops in line with the LNG projects.

RBR understands that both projects will look to outsource a significant proportion of the project development activities to subcontractors, which aligns well with RBR's strategy on training and the provision of skilled workers to the projects.

RBR continues to engage with the project proponents on their future requirements but has, at this stage, not formalised agreements with the parties pursuant to the industry update provided.

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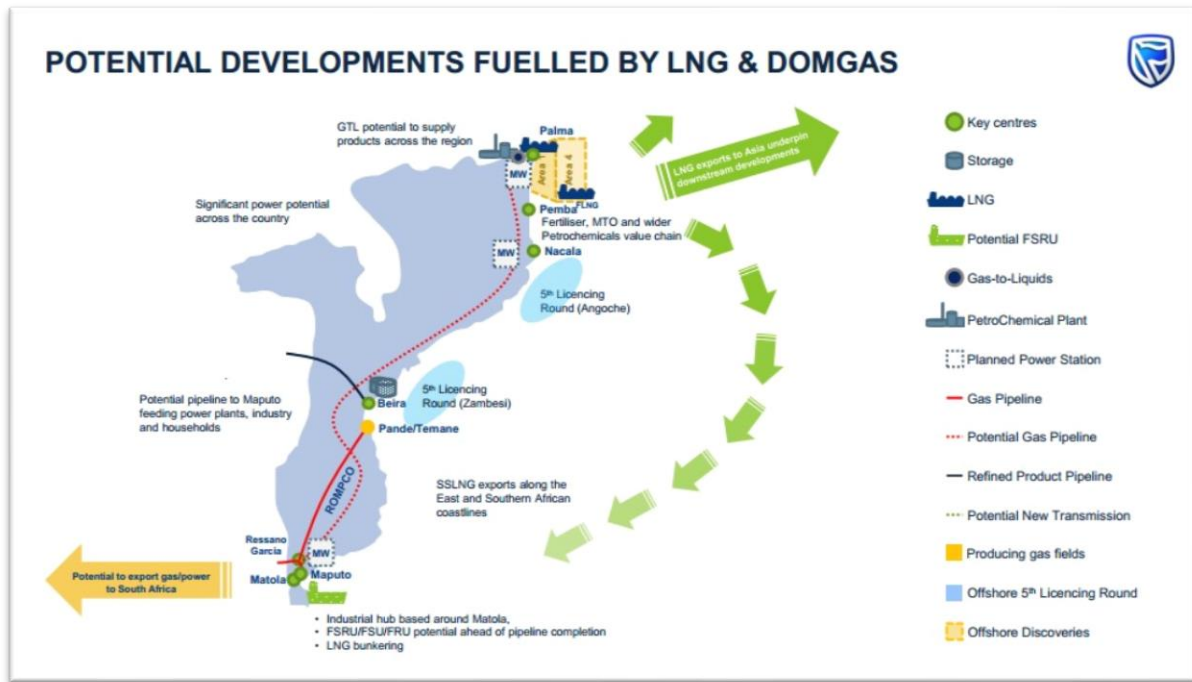
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Operational Update:

RBR took significant steps during the quarter to ensure it is fully prepared to bid for the supply of services under these large contracts, which are expected to start being put out to tender imminently. As part of its strategy to assess, train and provide workers to the LNG projects, RBR has opened a training centre in the Mozambican city of Palma, which is located close to the LNG construction sites. The facility is run by RBR’s training subsidiary, Futuro Skills Mozambique, Lda (FSM).



Staff and equipment have been allocated and initial activities will focus on helping workers to secure 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.

The centre commenced the training of Mozambican citizens from the local stakeholder communities in August 2019, with the aim of creating employment opportunities in semi-skilled and skilled roles.

Many of the candidates in the training programs to date have been sourced from the Catalisa Youth Training Program, which is an initiative of the Total-led Mozambique LNG Project (Moz LNG). FSM and Catalisa are working together to create an integrated personal development pathway for the Catalisa graduates. FSM is enrolling Catalisa graduates in its Mozambique Construction Green Card training program which will, upon successful completion, earn them an internationally-recognised level one qualification that meets the health and safety needs of multiple industries, including oil and gas, mining and construction.

RBR has received expressions of interest from contractors operating in the area which are seeking to hire the graduates as they become available, with several graduates already interviewed for future positions once construction activities ramp up.

RBR’s capabilities in Mozambique give the Company a significant point of difference. Other labour providers focus on recruiting “work-ready” candidates but do not have RBR’s capacity to develop their own workforce with internationally recognised qualifications.

RBR recently signed an MoU to co-operate with Mozambique maritime training specialist Regional Offshore Training Centre (“ROTC”). The agreement will enable the two companies to work together on tenders and the provision of training and staffing services for the LNG and maritime industries in Mozambique.

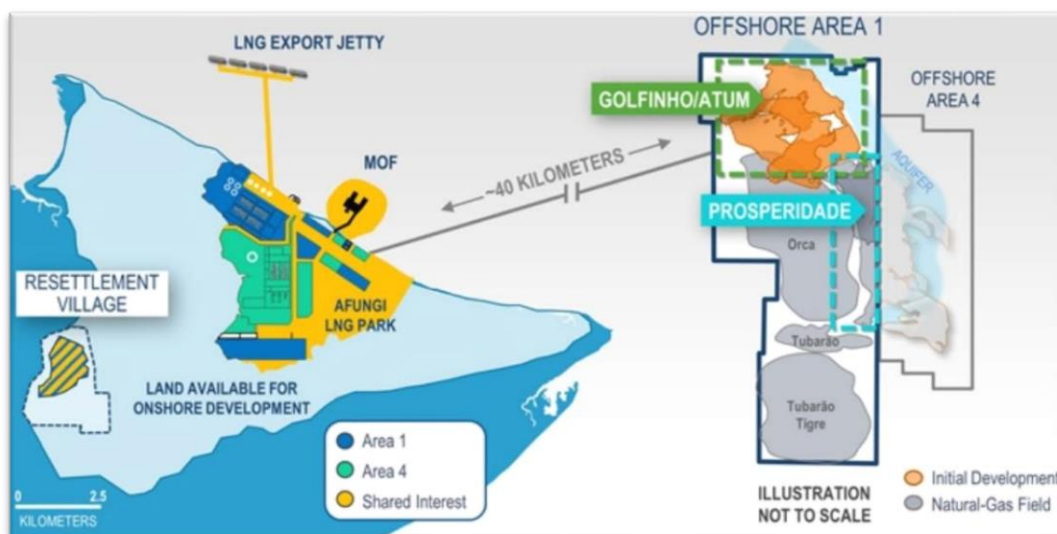
The Mozambique maritime support industry with its construction vessels, tugs, barges and other support craft, is expected to be significant. Mozambique is essentially a maritime nation due to its extended coastline and the ROTC MoU creates opportunities for the local population to formalise their traditional maritime skills.

Near-term Focus:

In recognition of the fact that RBR’s operational future in Mozambique will centre on the broader skills and labour opportunities in the Palma region of northern Mozambique, the Company has initiated a process of relocating its staff and assets in country.

The Company has given notice to its landlord that it will vacate the existing facilities and office in Matola (Maputo) from the end of November 2019. Staff, assets and activities will be redirected as follows:

- Alternative training venues have been identified in Maputo/Matola and commercial arrangements put in place, to ensure that existing and future clients’ needs can be met;
- The majority of the Company’s training staff and equipment are being moved to Palma in December. Commercial negotiations are well advanced to secure a larger venue/facility in Palma which will suit the Company’s longer-term needs and growth aspirations. All stakeholders, including staff, have been engaged in a consultative process to ensure a smooth transition;
- Fit-for-purpose serviced offices have been secured in the central business district of Maputo in close proximity to the LNG project owners and EPC contractors, from 1 December 2019. A small team of Company employees will be based in this office servicing existing clients, undertaking business development, and interacting with the Maputo-based executives in our target market.



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Mozambique Gas Summit:

The 6th Mozambique Gas Summit & Exhibition is taking place in Maputo on 13-14 November 2019. The Company believes that this event will be taking place at a pivotal time in the evolution of the Mozambique LNG industry, and will offer RBR access to high value networking and promotional opportunities. As a result, RBR has secured an exhibition booth at the event.

Furthermore, in recognition of our business expertise in-country, we are pleased to advise that the conference organisers have invited a Company representative to chair an industry roundtable discussion titled "Doing Business in Mozambique".

Capital and Future Funding:

As at quarter end, the Company had cash balances of ~\$742,000. A further \$192,400 has subsequently been subscribed as detailed below.

Operational receipts, whilst disappointing, continue to stem primarily from general industry in the southern half of the country rather than the LNG sector in the north. The LNG projects "ramp up" as referred to herein should be reflected in improved revenues in the near term.

A total of 29,321,429 options over ordinary shares exercisable at 1.8c each, expired unexercised on 31 July 2019.

On 5 September, the Company announced that it had received firm applications for the placement to sophisticated investors of 71,533,071 shares at an issue price of 1.4c to raise \$1 million, pursuant to Section 708A of the Corporations Act.

The Company Directors applied for 13,742,857 ordinary shares under the placement, allotment of which were subject to shareholder approval. This approval was subsequently received at the Annual General Meeting held yesterday resulting in a further \$192,400 being subscribed.

All participants in the Placement received one (1) free attaching option for every 2 shares subscribed for resulting in the allotment of 28,895,107 options to investors and an additional 6,871,428 options to be allotted to Directors with an exercise price of 1.4c and an expiry date of 31 August 2021.

A key aspect of the placement was the involvement of a strategic African-based investor who took a cornerstone position, applying for shares to the value of \$222,000.

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