



31 July 2020

June Quarterly Report

RBR establishes presence in Palma for supplying labour and training to Mozambican LNG industry

Pivotal quarter sees RBR grow its client base and establish itself at the strategically located Wentworth camp in Palma

Key Points

- RBR achieved several key milestones as part of its strategy to supply labour and training services to Mozambique's US\$32 billion LNG construction boom
- RBR completed phase 1 of the upgrade of its Wentworth camp operations base in the Mozambican town of Palma. Essential services have been installed and staff have relocated to the facility
- The ~A\$1.16 million UKaid-funded JOBA Construction Skills Internship Program contract (see ASX release dated 14 April 2020) commenced in May, with first interns scheduled to start their training in mid-August, slightly delayed by compulsory COVID-19 restrictions
- Contractual discussions underway with Palma-based companies to employ RBR's graduate interns as they become available
- Demand for RBR's business services is growing
- Mozambique only moderately impacted by COVID-19. The State of Emergency due to COVID-19 officially ends on 30 July, unless extended by the President (decision pending)
- The Eni and Total-led consortia developing their two LNG projects intend to maintain their schedules
- Total has secured US\$15 billion in financing for the project, with the financing agreement signed in July
- The Total-led onshore LNG project has advised subcontractors that 100% of their unskilled and semi-skilled workforce must be Mozambican and recruited against geographical preferences/priorities. This approach aligns with RBR's strategy and business plan
- Capital raise of c.\$811k over two tranches completed in July
- The Company is proactively managing its security exposure in northern Mozambique

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Labour and training specialist RBR Group (ASX: RBR) is pleased to present its June 2020 Quarterly Report.

During the quarter, the Company secured a contract to train workers for the LNG construction boom in Mozambique, branded the Construction Skills Internship Program (CSIP).

The ~A\$1.16m contract (see ASX release dated 14 April 2020) comprises a grant funded by UKaid to provide training services to Mozambican youth to prepare them for work on the LNG construction projects.

The contract entails enrolling graduates of Total's Catalisa Programme and other work readiness programmes funded by the LNG project operators. The candidates are then trained in internationally accredited qualifications from the UK's Engineering Construction Industry Training Board (ECITB) in health and safety and a technical trade at the semi-skilled level (Level 2). The CSIP includes a mix of theoretical and practical training, as well as relevant work-experience.

Significantly, the Total-led onshore LNG project's engineering, procurement and construction (EPC) contractor is advising subcontractors that 100% of their unskilled and semi-skilled workforce must be Mozambican and recruited against geographical preferences/priorities. The CSIP will see RBR establish a significant pool of semi-skilled local workers, sourced from the immediate stakeholder communities of these massive LNG Projects, who can be placed with prospective employers. RBR's graduate workforce therefore aligns completely with the requirement set out by Total's EPC contractor, which places RBR in a prime position to be the local labour supplier of choice to one of the largest construction projects in the world.

Being able to deliver the above outcome at the right time, to the required scale, and in the correct location is critical to the success of RBR's goals in Mozambique. To this end, the Company has been focused on developing and refurbishing the Wentworth camp in Palma (which is in the correct location) to the standard that will enable RBR to operate at the right scale. Concurrently, the Company has been hiring high calibre local trainers and administrators, and relocating them to Wentworth, so that the workforce development activities can commence as soon as possible (August) – the current restrictions in place as a result of the COVID-19 pandemic have made it impossible to do this faster.

To date, the Company has restored all essential services to Wentworth camp (power and water supply, and sewerage disposal) and refurbished six accommodation units for staff. The offices, large-scale ablution facilities (as well as additional hygiene stations) and the training centre refurbishment is underway and will be completed in the coming weeks, and security is being upgraded including installing a safe haven for staff and students. An order for a significantly improved internet connection has been placed and is awaiting installation.

Background to RBR and the LNG Construction Industry in Mozambique

The multi-national petroleum companies behind Mozambique's emerging LNG industry are preparing to award the major onshore construction contracts. The two approved LNG projects (Eni's floating LNG, and the Total-led on-shore LNG project) have an estimated capital cost of more than \$44 billion, are expected to require tens of thousands of workers on site at peak construction, and will create hundreds of thousands of jobs in the surrounding district.

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Photographs of Wentworth Camp, Palma



Above: Refurbished accommodation units at Wentworth Camp, Palma, Mozambique

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Above: Some of the training facilities at Wentworth Camp

Outlook

The Company's business outlook for Mozambique is positive. Two major LNG projects are approved and under development against ambitious timelines, all legitimate stakeholders are committed to their successful execution, and the National Content requirements are absolutely aligned with RBR's business strategy. RBR is now in the right place at the appropriate time and with the required staff, licences and infrastructure. Tenders relevant to RBR have been flagged as imminent (and the Company is on the vendor lists), and other subcontractors both holding contracts or aspiring to win contracts, have expressed their clear intent to utilise RBR's services.

Demand for RBR's other services, primarily in payroll administration and company registrations/permits is also growing, albeit from a low base.

Five years ago, RBR identified the opportunity to provide training and labour to these projects, as well as a complementary range of business services. Since then, the Company has been building its profile

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in-country, establishing the operational bases and initial infrastructure required to deliver fit-for-work, trained and suitably skilled local labour to help meet the nation's expectations on local participation.

It has been a difficult journey to date, but the Company believes the effort will bear fruit in the near term in the form of profitable contracts.

COVID-19

RBR advises that as a training and labour hire company, people are its key asset and therefore the health, safety and wellbeing of its staff, students and contractors is its number one priority. In line with this, RBR and its subsidiaries are implementing the requirements and recommendations of the Mozambican and Australian authorities in respect to managing the COVID-19 issue.

As of 31 July 2020, the official figure for confirmed cases in Mozambique stood at 1,808 total cases, of which 1,159 are active infections, 638 recovered and 11 deaths.

Capital and Funding

As at quarter end, the Company had cash balances of ~\$493,000.

As announced on 28 July 2020, the Company completed Tranche 2 of the recent placement securing a further \$125,000 in funds. In addition to this (as announced on 8 July 2020) proceeds from the sale of the Company's remaining mineral tenement interests in Western Australia totalling \$98,000 are due for settlement in the coming days. Contract revenues from the JOBA CSIP have commenced and, whilst small in these early stages, will provide a significant impetus to RBR's capabilities in northern Mozambique.

During the quarter, the Company made payments totalling \$67,000 to related parties and their associates representing Director remuneration and contracting fees. During the reporting period approximately \$241,000 was spent on operating activities including staff costs and administration and corporate costs across Australia and Mozambique.

As previously advised, the Company put in place and is maintaining various austerity measures in response to the challenges of COVID-19, including deferment of a significant portion of board and management fees until meaningful contract revenues are secured.

These measures, combined with the capital receipts outlined above, have provided a sound working capital position as we continue negotiations on various contract opportunities across our services lines.

For more information, please contact:

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For the purpose of ASX Listing Rule 15.5, the Executive Chairman and Chief Executive Officer have authorised for this announcement to be released.

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