

26 November 2020

## Annual General Meeting Chairman's Address to Shareholders

Dear Shareholders

The following address is an update from our September Quarterly and Annual Financial Reports (see ASX releases dated 29 October 2020). As outlined in those releases, your Company is finally seeing a significant acceleration of activities in the Mozambique LNG development and operations.

### **Alliance with Cube Modular to Develop Large Capacity Accommodation Camps**

The Company and our camp accommodation partner in Mozambique, Projectos Dinamicos Limitada ("PD"), a subsidiary of Cube Modular, have progressed the previously announced Memorandum of Understanding ("MoU") to a formal joint venture agreement for the purposes of the planned development of the Wentworth camp in Palma, Cabo Delgado. The parties will proceed as 50:50 JV Partners in the procurement, development and operation of a 668-bed (initially 500 beds) accommodation camp. The Wentworth Camp Joint Venture ("WJV") is the first project for the Joint Venture parties.

Subject to successful completion of contractual negotiations and financing arrangements it is the intent to have phase 1 of the Camp development in place and operational when the LNG contractors return to work in the New Year. Development of the full 668-bed camp is expected to be completed by the end of April 2021. The camp will be managed by a well-known operator to be confirmed on conclusion of the contracts.

At the time of writing, Joint Venture partner PD (on behalf of the WJV) is concluding negotiations with the target tenant. The contract, when completed, is expected to generate significant revenue opportunities for the Joint Venture.

It is the intent of the parties to extend the camp accommodation business model to other locations in Mozambique and, if successful, the greater African continent.

### **Resolution of the UKaid-funded JOBA contract**

As reported in our Quarterly the JOBA Construction Skills Internship Program was unfortunately prematurely curtailed in October directly as a result of the significant COVID-19 impact on the GDP of the United Kingdom and, in turn, the requirement to proportionally reduce the worldwide UK aid commitments. Whilst disappointing, the financial outcome from the early cessation was fair and reasonable.

The Company has received payments of c.GBP36,000 during the month of November with the final payment of c.GBP20,000 being ratified at present. This will bring the entire contract settlement amount to GBP87,276 which is broadly in line with the entire gross margin that the Company expected to make from the Contract under normal operations.

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## LNG Project Update

Since the lifting of the country-wide lockdown due to COVID-19 in October, the LNG project participants (in particular Total of France and their EPC) appear to have accelerated activities as evidenced by the growing demand for urgent camp accommodation to house several thousand skilled workers (primarily expatriates) for the LNG project. It is estimated that the LNG construction project will need to secure another c.5,000 beds next year for the skilled migrant/expatriate workforce as well as identify, train and then employ the many thousands of unskilled/semi-skilled workers from the local communities surrounding the project site, evidenced by the recent training tenders which have yet to be awarded.

The development of the marine infrastructure, specifically the progressive interim steps to the full materials offloading facility, which will enable the large-scale delivery of equipment and materials to the site from the sea, is progressing well. This is the strongest indicator that the project will transition to large-scale onshore construction activities in the very near term.



**Above figure:** Latest imagery of LNG Project site, with marine facilities under construction (inset)

Through our network in-country we are well aware of a marked build up in logistical activities, both seaborne and overland, and most recently some significant contract awards. This clearly demonstrates the desire of the Mozambique LNG Project's owners to maintain the previously-stated development schedule and reinforces our Company view that demand for local Mozambican unskilled and semi-skilled labour will accelerate quickly in the new year. This is the core of our business strategy.

2020 proved to be an extraordinarily challenging year in more ways than just the Pandemic. Mozambique, as a developing African nation, delivers significant challenges for any aspiring business in otherwise normal circumstances. However, with the LNG developments back on track and a general resumption of business activity in-country, it is now showing the significant upside opportunities that await those Companies which stayed the course.

Thank you.

**Ian Macpherson**  
Chairman

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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