



29 July 2022

June 2022 Quarterly Report

Key Points

- **RBR focus on opportunities associated with, and near to, SASOL-Temane light oil, gas and LPG processing facility in Mozambique including:**
 - **potential re-deployment of Wentworth camp assets and associated infrastructure, currently safely relocated to Pemba**
 - **tender and open contract submissions by Operating entity Projectos Dinamicos Lda (“PD”) for contract values greater than US\$10m, with first successful tender landed**
 - **reviewing land acquisition opportunities adjacent to SASOL-Temane Project for camp and training centre**
 - **potential for Futuro Group (“Futuro” or “FG”) to likewise relocate mobile training facilities to Temane**
- **Security maintained in Palma district and growing evidence of onshore LNG project site re-establishment in H2 2022 with a full project restart in 2023**
- **1st operating profit for year to 30 June 2022**
- **Further roll-over of Convertible Note facility post Quarter end**

Labour and training specialist RBR Group Limited (ASX: RBR) presents its June 2022 Quarterly Report.

RBR’s Executive Chairman, Ian Macpherson commented: *“The June Quarter saw the laying of significant groundwork by the Company for the growth of its Mozambique business. We are seeing the potential for building a robust business for both labour camps and training in Temane, which hosts three significant gas and energy projects, and we are energetically pursuing opportunities in the area. RBR maintains a strong cash position with a total of \$3.5m in Australia and Mozambique and we look forward to building on the positive groundwork undertaken last Quarter.”*

Wentworth Camp re-deployment, Mozambique

As previously announced, the Wentworth camp construction contract settlement of US\$4.2m was agreed and funds received into the PD accounts on 10 February 2022. Management discussions with the Company’s insurance agents are continuing and if not resolved in the near term, matters relevant to the insurance claim may proceed to formal arbitration.



Wentworth Camp, Palma, Mozambique

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Post settlement and in the absence of a clear timeframe for re-commencement of the TotalEnergies LNG project at Afungi, the Group resolved to demobilise from Wentworth and has moved essential camp assets and related infrastructure south to Pemba.

Together with the balance of existing camp assets that remained in storage in Pemba for the past 12 months, the Group has capacity to relocate and construct a standalone accommodation camp facility for up to 150 personnel within existing capital reserves. PD is investigating opportunities for the relocation of the camp assets to the area proximate to the SASOL-Temane Project, one of three separate projects of scale in Temane, Inhambane province some 1972km south of Pemba.

Central Mozambique LNG

- The SASOL-Temane Project continues to gain momentum in Central Mozambique
- PD secures first successful tender at SASOL-Temane
- Tender and open contract submissions have been submitted by the Group with potential contract values greater than US\$10m

Through the Quarter, the Group has remained focused on contract opportunities existing at the three gas projects in Temane, being:

- (1) Globetech 450 gas power plant;
- (2) SASOL PSA Project; and
- (3) Existing corporate camp expansion.

Initial discussions with parties currently active on these projects support the premise that strong demand exists in the area for a multi-user camp and additional leisure facilities. Camp specialist PD is progressing its understanding of these opportunities for camp relocation and construction as well as engaging in positive initial discussions with potential contractors for the facilities. Work undertaken by PD has identified land tenure ideally located near to the Temane gas projects, and which is available for acquisition.

Additionally, the group has identified an opportunity for Futuro Skills to transport its mobile training facilities and associated infrastructure to Temane and re-establish its formal training facility within the camp. The ability to establish a training centre within the camp area will provide significant business synergies to the Group.

PD has recently been confirmed as successful tenderer for supply, installation, and potentially ongoing management of a temporary facilities project. Contract terms and scope are still being finalised however the contract is a significant step forward for PD as it continues to push towards further tendering and contracting success at the significant Temane gas and power projects.



Temane - Central Mozambique Gas Project Area

Northern Mozambique LNG – Update

Block 4 Coral FLNG (3.4 mill tpa) operated by ENI is scheduled to come on stream by end 2022. First gas has been trialled through the facility in mid-June.

Although some contractors are returning to the Northern Mozambique Palma area TotalEnergies are still maintaining a Force Majeure condition over the 12 million ton per annum LNG project in Afungi, in the Palma district of Northern Mozambique. Hotels have now re-opened and the road between Pemba and Palma is open to traffic. As a result, some contractors are returning to the area and refurbishment and reestablishment of infrastructure is being undertaken or being tendered for. The Rwandan Army maintains a strong presence in the area which has allowed normality to return to the town of Palma with local businesses re-opening.

Australian Business and new opportunities

As previously reported, RBR has been seeking Australian opportunities to build out its skills training and labour supply business locally. Negotiations and due diligence were well advanced over recent months with one counter party group however disappointingly the vendor group elected not to proceed, and negotiations were terminated.

Alternative Australian based skills training and labour supply opportunities that had passed preliminary review have been on hold and the Company now plans to revisit those other potential investment transactions.

De-Registration of Registered Training Organisation (“RTO”)

RBR acquired the Registered Training Organisation (RTO), Freelance Support Pty Ltd (Freelance) as part of the strategic plan to generate local revenue and, more importantly, to inform and guide training operations in Mozambique to the high standards required of an RTO under the Standards for NVR Registered Training Organisations 2012 legislation.

The Company’s training activities within Australia changed significantly, particularly with the movement of key RTO personnel and the focus on Mozambique.

Notwithstanding, the RTO model was used to create high standard policies, procedures, and training resources in Mozambique to a level of critical acclaim from our major clients.

Freelance has now served its purpose and is superfluous to RBR’s on-going needs. As such the Company has informed the Western Australian regulator, Training Accreditation Council of our intent to de-register the RTO, effective 27 July 2022.

Futuro Skills (Mozambique) remains a prominent and highly regarded provider of training services within the market in Mozambique.

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Revenue and Balance Sheet

Notwithstanding the particularly difficult 12 months in operations in Mozambique the consolidated group will report its first ever operating profit to 30 June 2022.

At Quarter end, the Group was also in its strongest operating cash position with consolidated cash of \$3.5m, (\$208k in Australia and \$3.3m in Mozambique) in addition to a 50% interest in PD and (indirectly) camp assets and infrastructure.

The near-term challenge remains the pending maturity of the convertible notes totalling \$2.050m as set out in the accompanying Appendix 4C; which are to be either repaid, converted, or rolled over before the end of the calendar 2022.

The Company is in continued contact with note holders and remains confident that positive solutions will be put in place. Subsequent to Quarter end, the Company reached agreement for the further roll over of the existing convertible note held by Deep 4 Energy to 29 September 2022. Deep 4 Energy and its investors remain supportive of RBR and its business plans.

During the Quarter, the Company made further arrangements for the repatriation of additional monies from Mozambique to Australia; the funds being part proceeds from the Wentworth Camp contract settlement. Repatriation of the first tranche of US\$105k was concluded in early May. These additional funds are expected to be received in August and September.

Included in the cash flow report are payments to related parties of the entity and their associates of \$107k for Director's fees and salaries plus supplier payments to related parties.

For more information, please contact:

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For the purpose of ASX Listing Rule 15.5, this announcement has been authorised for release by the Board.

The information in this announcement has been disclosed by RBR and is the responsibility of RBR.

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Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

RBR Group Limited

ABN

38 115 857 988

Quarter ended ("current quarter")

30 June 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	170	7,160
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(1,859)	(1,936)
(c) advertising and marketing	-	-
(d) leased assets	(81)	(438)
(e) staff costs	(95)	(491)
(f) administration and corporate costs	(566)	(3,108)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(52)	(233)
1.6 Income taxes paid	(70)	(73)
1.7 Government grants and tax incentives	-	-
1.8 Other (VAT on PD settlement)	-	986
1.9 Net cash from / (used in) operating activities	(2,553)	1,867
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(6)	(78)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
2.2 Proceeds from disposal of:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	-
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
2.6 Net cash from / (used in) investing activities	(6)	(78)

3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	-	28
3.2 Proceeds from issue of convertible debt securities	(100)	(100)
3.3 Proceeds from exercise of options	-	-
3.4 Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	(27)	(27)
3.10 Net cash from / (used in) financing activities	(127)	(99)

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	6,175	1,976
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(2,553)	1,867
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(6)	(78)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	(127)	(99)

Appendix 4C
Quarterly cash flow report for entities subject to Listing Rule 4.7B

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	9	(168)
4.6	Cash and cash equivalents at end of period	3,498	3,498

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	208	473
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (Africa Subsidiaries)	3,290	5,702
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	3,498	6,175

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	107
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<p><i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i></p> <p>Item 6.1 includes aggregate amounts paid to directors including salary and director's fees.</p>		

Quarterly cash flow report for entities subject to Listing Rule 4.7B

7. Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (Convertible Notes)	2,050	2,050
7.4 Total financing facilities	2,050	2,050
7.5 Unused financing facilities available at quarter end		-
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
<p>Tranche 1 Convertible Note per original agreement for \$400k is unsecured with an interest rate of 12% pa. During the quarter \$100k was paid and the repayment of the remaining balance of \$300k has been extended to 29 September 2022.</p> <p>Tranche 2 of Convertible Notes has a value of \$1,750k is unsecured with an interest rate of 11% pa. Maturity on 25 November 2022.</p>		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(2,553)
8.2 Cash and cash equivalents at quarter end (item 4.6)	3,498
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	3,498
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	1.37
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
<p>Answer: Yes. Included within Item 1.9 is one off settlement of Wentworth camp supply creditors of \$1,751 which if excluded in the above calculation would result in 4.36 estimated quarters of funding available. This is in line with the Group's current budget and forecasting.</p>	
8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
<p>Answer: This will not be required at present – see response above.</p>	

8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: Yes the Company expects to be able to continue operations on the basis outlined in Item 8.6.1

Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 29 July 2022

Authorised by: By the Board

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.