

28 January 2021

## RBR Group to jointly develop a 668 bed camp at Wentworth base in Palma, northern Mozambique

**RBR to acquire 50% of Mozambique remote camp specialist, Projectos Dinamicos Lda ("PD"). PD has contracted revenues of circa \$13.0-\$23.0 million based on an agreed construction timeline and variable occupation levels.**

**RBR's total investment is \$2.7 million. Financing of \$4.0 million in place as below.**

### Key Points:

- PD developing a 668 bed accommodation camp for the Mozambique LNG workforce
- PD has an 18 month contract in place with the CCS Joint Venture, which is the Engineering, Procurement and Construction contractor (EPC) developing the US\$23 billion LNG project
- Contract begins in January 2021, with occupation ramping up over four months
- Contract provides for 2 x 18 months extensions by Tenant
- The camp will create complementary opportunities for work in RBR's core business of training and labour provision
- Enhances the commercial relationship with the Mozambique LNG projects' primary contractors
- Demand for accommodation expected to outstrip supply for many years, creating potential for annuity income

Labour and training specialist RBR Group Limited (ASX: RBR) is pleased to advise that it has entered into a subscription agreement to acquire a 50% equity interest in Projectos Dinamicos Lda ("PD"), a Mozambique-registered remote camp specialist which has been in operation since 2011.

The investment agreement follows on from the previously announced Memorandum of Understanding ("MoU") between the parties – see ASX releases dated 26 October 2020 and 26 November 2020. The parties have progressed the original MoU relationship to an agreed equal equity share in the specific purpose entity, PD. The existing shareholders in PD are the highly credentialled South African-based businesses Canvas and Tent Manufacturing and Dynamic African Projects. Under the subscription agreement, RBR will acquire 50% of the equity in PD for a nominal amount and will be expected to jointly fund the capital investments and working capital costs to be made by PD under its key contract, summarised below.

PD has entered into a contract with the EPC contractor to build and operate a 668 bed camp to accommodate construction workers directly engaged in the LNG Project construction ("B&O Contract").

The camp will be built on the Wentworth site in Palma, Cabo Delgado, Mozambique. RBR is an existing tenant of the Wentworth facility which serves as the Company's operations base in the region and is close to the LNG construction site and local airport. The Wentworth site also holds tenancies with prominent Mozambican companies including LBH (logistics) and Capital Star Steel (steel pipe manufacture).

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The camp is to be developed in 3 stages, as follows:

- Stage 1 – all essential services and infrastructure, and 70 beds, by end January 2021;
- Stage 2 – a further 200 (approx.) beds in March 2021; and
- Stage 3 – the full 668 beds by 30 April 2021.

The B&O Contract has a term of 18 months and may be terminated by notice by the EPC contractor subject to an industry standard notice provision, and termination payment.

Under the subscription agreement RBR will commit funding to PD of up to \$2.7 million (subject to exchange rates) to be applied towards the development of the camp, and for working capital. RBR's capital contribution will be made in two stages. A first contribution of about \$770,000 will be made in January 2021, and the balance will be contributed during the execution of Stage 2 described above. RBR does not have any further funding commitments under the contract. Similarly, PD is not party to further material contracts that require funding commitments from RBR. RBR does not anticipate further expenses through its investment in PD at this time.

While the terms of the B&O Contract are commercial in confidence, RBR has had the opportunity to review the signed contracts and terms as part of its due diligence on PD and considers that this camp development provides for contracted revenue of between \$13.0-\$23.0 million over the 18 month tenancy, after applying ranges to all variables including occupancy and the Client's options under the contract. The B&O Contract is not subject to any conditions precedent, and development of the camp is underway.

This camp project itself will create many jobs for members of the local community, which in turn will create immediate and ongoing demand for RBR's core business activities of training and labour provision. The Company will train and provide construction workers for the camp establishment, as well as for ongoing maintenance activities. Furthermore, having the LNG project's EPC contractor utilising the camp for its construction workforce will create opportunities for skills training, verification of competency of the workers, and provision of local labour such as trades assistants.

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.

### **RBR capital commitment**

RBR has secured financing of \$4.0 million in the form of an equity placement and loan funds.

The placement is for \$2.25 million with Sydney-based Novus Capital Limited. This entails the issue of 281.25 million fully paid ordinary shares at 0.8 cents per share. Approximately \$2.0 million of the issue is within the Company's approved placement capacity (comprising 149,212,130 shares under Listing Rule 7.1 and 99,994,975 shares under Listing Rule 7.1A) ("Placement"), and the remaining shares, approximately 32.04 million, will be subject to shareholder approval at an EGM (date to be advised). The Company has received firm commitments for all Shares under the Placement, and given the demand for Placement Shares, some applicants have had their applications scaled or rejected.

In addition, the Company has received commitments of loan funds in the amount of \$1.75 million from CPS Capital Group and Novus Capital Limited. The loan funds will be subject to an interest rate of 11%. The Company intends to seek approval to issue unsecured convertible notes in respect of the loan funds at the EGM referred to above, subject to compliance with all Australian Securities Exchange ("ASX") requirements. The key terms will be advised once authorisation for the convertible notes has been received from ASX.

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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.

### **Forward Looking Statements**

This document may include forward-looking statements. Forward-looking statements include, but are not limited to, statements concerning RBR's planned work, contracted revenues and other statements that are not historical facts. When used in this document, the words such as "could," "plan," "estimate," "expect," "intend," "may", "potential", "should," and similar expressions are forward-looking statements. Although RBR believes that its expectations reflected in these forward-looking statements are reasonable, such statements involve risks and uncertainties and no assurance can be given that actual work and contracted revenues will be consistent with these forward-looking statements or otherwise affected by factors that may be outside of RBR's control.

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