

29 April 2022

March 2022 Quarterly Report

Key Points

- **Security maintained in Palma district and growing evidence of onshore LNG project restart in H2 2022.**
- **ENI FLNG Production vessel arrived offshore Mozambique and undergoing commissioning.**
- **Wentworth camp contract settlement confirmed on 10 February. Insurance claim negotiations continue.**
- **Operating entities Projectos Dinamicos Lda (“PD”) and Futuro Group (“Futuro” or “FG”) pursuing several contract opportunities outside of LNG and Cabo Delgado province.**
- **Operations and management restructure progressed both in Mozambique and Australia.**
- **Partial repayment and roll-over of Convertible Note facility post quarter end.**

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

Wentworth Camp Project in Palma, Mozambique

As reported in the 31 December Half Year report the Group’s Wentworth Camp, held via operating subsidiary PD remains relatively intact as security in northern Cabo Delgado has been restored and maintained. A large contingent of regional Rwandan and Southern African “SADC” military personnel remain in and around the townships of Palma and Mocimboa da Praia and access for the general population has recently opened up.

The Camp construction contract settlement of US\$4.2m was agreed and received into the PD accounts on 10 February 2022. Notwithstanding several frustrating delays PD have in the past 10 days, been able to deploy personnel to inspect and assess the condition of the camp and associated infrastructure. As previously reported management discussions with the Company’s insurance agents continues. Settlement remains subject to a number of conditions including a formal assessment of damages to progress the existing claim and possible further claims.



Wentworth Camp, Palma, Mozambique

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Mozambique LNG – Update

Labour service contracts surrounding the major LNG projects in the far northern province of Cabo Delgado remain our Futuro Group focus.

The Company is encouraged by public press releases and Government announcements in recent months that have clearly shown renewed optimism as to the recommencement of activities surrounding the onshore Mozambique LNG operations in the near term.

Cargo movements, a prime indicator in these large projects, have increased significantly in and out of the region. EPCM contractors and their subcontractors are active in the freight and transportation market verifying pricing and capacity for a restart of activity in Northern Mozambique.

Meanwhile the ENI Offshore FLNG project in Cabo Delgado waters is undergoing commissioning with appropriate surrounding infrastructure and support services being established.

As reported on Bloomberg* Mozambique's Finance Minister Max Tonela said, in an interview from Washington where he was attending International Monetary Fund and World Bank meetings in the week to 25 April, that "Total should resume it's US\$20b project by the end of this year". Tonela also met with representatives of ExxonMobil who stated, he was quoted as saying "ExxonMobil should be ready to make a final investment decision (FID) on its project once Total Energies lifts the current force majeure".



ENI FLNG vessel offshore Mozambique
Source: <https://www.eni.com>

(*Mathew Hill & Jordan Yadoo, Bloomberg 25 April 2022)

Futuro Group Business Development – Mozambique

Until such time as the recommencement of the onshore LNG projects development is confirmed, other business opportunities of scale for the Group exist in several regions, such as the project works for Sasol (a South-African listed petroleum and chemicals company) in Inhambane province, and other prospects in Maputo, Inhambane and Nacala provinces.

The Group opened new offices in Vilanculos, Inhambane province in late 2021 and staff were redeployed to take full advantage of the opportunities emerging in the region with particular focus on the Sasol PSA expansion project. Management of Futuro Group operating subsidiary, Futuro Skills continue to build on alliances with local government departments to develop the local content policies and procedures for supply of unskilled and semi-skilled workers to the Project EPC's and sub-contractors.

Futuro Skills has responded to several requests for tender ("RFT") in training both in the capital Maputo and across the provinces.

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Current activities of note include discussions with Mozambique government training organisation IFPELAC as to a possible alliance with SASOL for skills training and community workforce education to enable direct employment from the local communities to the Project together with continuing engagement with local representatives of several large corporate groups seeking services ranging from licensing and workforce permitting, payroll management and supply of semi-skilled workers.

With renewed demand for assistance in expediting Work Visas and Permits, Futuro Business Services has boosted its service capability via the employment of a 30-year experienced business advisor located in our Maputo head office. These services, although not material in dollar value are an integral part of early engagement efforts of Futuro Group with foreign corporates and their work force looking to enter the Country to access contract opportunities in the LNG and other construction projects.

Camp construction and accommodation services provider PD has also focussed its attention on the significant opportunities flowing from the Sasol project Management of PD has been strengthened with the Director from our Investor partner being permanently transferred to PD and now responsible for market development and sales throughout Africa. The competitive advantage and strength of PD is that camps can be manufactured, transported and constructed by our one entity.

There are 3 separate projects of scale that PD are targeting:

1. Globetech 450 MW Gas Power Plant;
2. Sasol PSA Project; and
3. Existing corporate camp expansion.

All involve supply and construction of accommodation camp facilities, in total some 800-1200 beds, and possibly additional management services associated with operation of the camps.

Outside of Temane there are further large-scale projects that PD plan to target their services including, Balama Graphite Project owned by ASX listed Syrah Resources, Moma Heavy Sands development of Ireland based Kenmare Resources and the Thai Mozambique Logistics hub, linking Moatize/Chitima region and a new port facility on the Macuse River. The Thai Logistics company will start a US\$3.2B construction project of a circa 700 km rail line and port terminal on the Moatize-Macuse for the export of 30M tons of coal and other minerals.

Operational and Management Structure

The Group continues to add skills to our service divisions following the review of its operating & management structures in our primary geographical locations of Africa and Australia.

In Australia, the Company has over the course of the past 6 to 8 weeks focussed its efforts on securing a strategic position in an industry sector currently challenged in both skill shortages and labour supply.

We are working towards completion of due diligence in May. Alternative skills training and labour supply opportunities that have passed preliminary review are on hold subject to completion of this due diligence process. The Company is committed to developing a robust local business focused in areas of high skills demand and current labour shortages.

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Revenue and Balance Sheet

At Quarter end, RBR had consolidated cash of \$6,175k, (\$473k in Australia and \$5,702k in Mozambique) in addition to a 50% interest in PD and (indirectly) the Wentworth Camp.

During the quarter the Company has formalised arrangements for the repatriation of monies from Mozambique to Australia; the funds being part proceeds from the Wentworth Camp contract settlement. Documentation for repatriation of the first tranche of US\$105k was being finalised as at the date of this report.

Included in the cash flow report are payments to related parties of the entity and their associates of \$100k for Director's fees and salaries plus supplier payments to related parties.

Subsequent to Quarter end, the Company has repaid \$100k of the existing convertible note held by Deep 4 Energy and negotiated the further extension of the balance of the note facility of \$300k to the end of the current financial year. Deep 4 Energy and its investors remain supportive of RBR Group and its business plans.

The RBR Board maintains its positive view as to the robustness of its existing business operations in Africa and the ability to identify and secure further investment in Australian-based labour services opportunities.

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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.

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")

31 March 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	5,860	6,004
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(3)	(77)
(c) advertising and marketing	-	-
(d) leased assets	(262)	(357)
(e) staff costs	(105)	(396)
(f) administration and corporate costs	(957)	(1,556)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(60)	(181)
1.6 Income taxes paid	(2)	(3)
1.7 Government grants and tax incentives	-	-
1.8 Other (VAT on PD settlement)	986	986
1.9 Net cash from / (used in) operating activities	5,457	4,420
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(70)	(72)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 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	(70)	(72)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	28	28
3.2	Proceeds from issue of convertible debt securities	-	-
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)	-	-
3.10	Net cash from / (used in) financing activities	28	28

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	950	1,976
4.2	Net cash from / (used in) operating activities (item 1.9 above)	5,457	4,420
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(70)	(72)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	28	28

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	(190)	(177)
4.6	Cash and cash equivalents at end of period	6,175	6,175

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	473	670
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (Africa Subsidiaries)	5,702	280
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	6,175	950

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	100
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 \$38k plus amounts paid to Related parties of Director Athol Emerton is \$62k.</p>		

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>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)	2,150	2,150
7.4	Total financing facilities	2,150	2,150
7.5	Unused financing facilities available at quarter end		-
7.6	<p>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> <p>Tranche1 Convertible Note for \$400k is unsecured with an interest rate of 12% pa. Subsequent to quarter end \$100k was paid and the remaining \$300k's maturity extended to 30 June 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)	N/A
8.2	Cash and cash equivalents at quarter end (item 4.6)	6,175
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	6,175
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	2
	<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?	
	Answer: N/A	
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?	
	Answer: N/A	
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: N/A	
	<i>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.</i>	

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 April 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.