



30 July 2020

The Manager  
ASX Market Announcements Office  
ASX Limited  
60 Bridge Street  
Sydney NSW 2000

By email

Dear Sir/Madam

Activities Report and Appendix 4C – quarter ended 30.06.2020

In accordance with Listing Rule 4.7B, please find attached M8 Sustainable Limited's Activities and Appendix 4C cashflow reports for the quarter ended 30.06.2020.

This announcement is authorised for market release by the Board of Directors.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'John Colli', written over a thin horizontal line.

John Colli  
Company Secretary

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## **QUARTERLY ACTIVITIES REPORT** **FOR THE PERIOD ENDED 30 JUNE 2020**

### **KEY POINTS**

- Substantial commencement milestone achieved at the Gingin Landfill Project (“Gingin”)
- Bulkhead earthworks completed at Gingin
- Growth in C&D waste received at Maddington
- Improvements made to C&D strategy resulting in lower disposal costs on non-recyclable waste & increased margins on volumes received
- Multi-year contract signed with major waste management company

M8 Sustainable Limited (“M8S” or “the Company”) is pleased to provide the following update on its activities for the quarter ended 30 June 2020.

### **GINGIN LANDFILL PROJECT**

The flagship Gingin Landfill Project is a fully permitted landfill facility with a licensed capacity of 150,000 tonnes per annum.

The Company completed a key milestone at Gingin, receiving official confirmation from the Shire of Gingin that the works undertaken to date by M8S have satisfied the substantial commencement requirement of the development.

The substantial commencement milestone was a critical condition of the WA Government Planning Approval for Gingin. Failure to achieve substantial commencement within the stipulated timeframe, would have resulted in the Planning Approval lapsing and M8S being unable to proceed with the landfill development.

Planning approval for the Gingin site as a landfill facility is in place for life, without an expiry date.

Key activities were progressed by M8S with bulk earthworks of the leachate and Cell I pond completed.

Work is progressing on the access roads and the ordering of the cell liners.

Liner installation is expected to commence around September/October after the winter high rainfall period.

The anticipated completion date of the landfill cell construction is expected to occur by the end of the first quarter of the 2021 calendar year.

Once in operation, Gingin will benefit from an expected shortage in supply of waste disposal facilities in Perth’s northern corridor, with current waste being diverted to distant landfills.

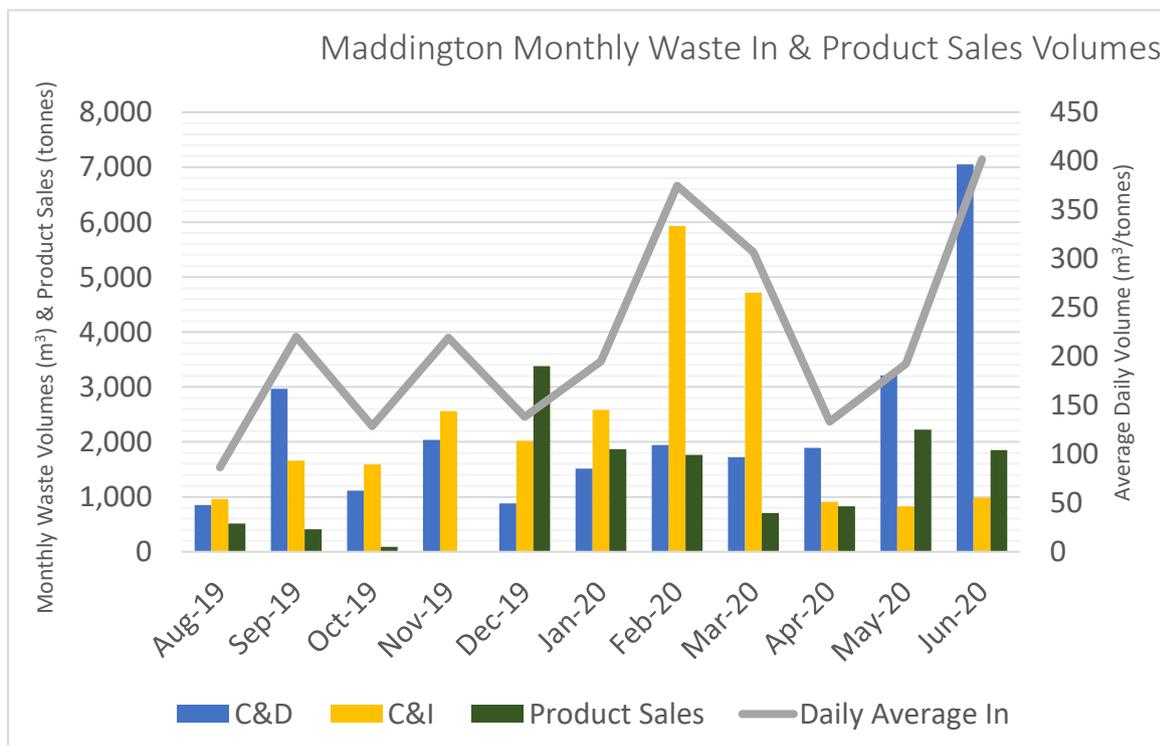
**MADDINGTON WASTE FACILITY**

Maddington is a specialist waste and recycling facility that is focused on the processing of Commercial & Industrial (C&I) and Construction & Demolition (C&D) waste and the production of high-quality recycled products for sale, which includes recycled road base, drainage aggregates and clean fill material.

The facility has an approved annual licence capacity of 500,000tpa.

After a short-term impact on overall volumes and activities at the beginning of the quarter due to COVID-19, Maddington average daily volumes received in June 2020 have grown to the highest level this financial year; increasing its customer base, waste volumes processed and the sale of recycled products.

- **Customer Base** – The site has serviced 125 individual customers since August 2019, with 89 repeat and 37 account customers. Customers utilising the site include major waste management companies, civil contractors, skip bin operators, demolition contractors, residential & commercial builders.
- **Waste Volumes** – The following graph outlines waste volume received as well as civil product and recyclable metals sales at Maddington. It does not include free clean-fill supplied over this period.



The change in strategy to focus on C&D waste has resulted in improved margins on the volumes received as a consequence of lower costs due to a reduction in the amount of non-recyclable waste being sent for landfill disposal, which averaged 272m<sup>3</sup> for the June quarter compared to 1,335m<sup>3</sup> per month in the prior quarter.

- **Sale of Recycled Products** - Sold an average of 1,634 tonnes per month of recycled civil products and steel in the June quarter which is up on the 1,446 tonnes per month sold in the March quarter.

The Company expects C&D growth to continue as M8S bids for waste from several construction and demolition projects.

M8S continues to work closely with major waste management, construction, demolition and civil customers. The Company agreed to a multi-year contract with an additional major waste management company to process and recycle problematic organic waste streams.

M8S will re-commence its focus on attracting C&I waste once the Gingin landfill facility becomes operational in 2021, with Maddington then disposing residual waste to Gingin landfill.

A summary of expenditure incurred for activities undertaken during the reporting period is as follows:

Operating activities: \$1,306k in total (net of receipts from customers, government grants and tax incentives)

- \$667k - incurred on manufacturing and operating costs consisting of waste disposal, transport, equipment hire, utilities and repairs and maintenance costs
- \$543k - employment costs including all on costs
- \$452k - insurance costs, consultancy and audit fees
- \$67k - variable outgoings on the leased property at Maddington.

Investing activities: \$62k in total

- \$62k - Gingin landfill activities: capital work in progress.

Financing activities: \$405k in total (net of proceeds from borrowings)

- \$246k – lease payments for Maddington recognised as repayment of principal amount as per AASB16
- \$154k – repayment of principal portion of insurance premium funding
- \$100k – short-term loan disbursement
- \$5k - repayment of short-term loan.

## **ANNUAL GENERAL MEETING**

On 5 June the Company held its first Annual General Meeting of shareholders.

The matters considered included the approval of the election of Messrs McKinnon, Allen, Puzey and Saksitthisereekul as directors of M8S, the appointment of Ernst & Young as auditor of the Company and the granting of security to SBANG Sustainable Energies Limited (SBANG) in relation to a loan facility of up to \$4 million which SBANG had undertaken to provide to M8S.

All resolutions considered were passed and decided by poll.

## **ENDS-**

For further information please contact:

**Tom Rudas**, Managing Director, (08) 61409518

**Michael Weir**, Citadel-MAGNUS 0402 347 032, or,

**Cameron Gilenko**, Citadel-MAGNUS 0466 984 953

## Appendix 4C

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

**Name of entity**

M8 Sustainable Limited

**ABN**

12 620 758 358

**Quarter ended ("current quarter")**

30 June 2020

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (12 months 30.06.20) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	321	2,686
1.2 Payments for		
(a) research and development	0	0
(b) product manufacturing and operating costs	(667)	(2,040)
(c) advertising and marketing	0	0
(d) leased assets	(67)	(270)
(e) staff costs	(543)	(2,216)
(f) administration and corporate costs	(452)	(2,057)
1.3 Dividends received (see note 3)	0	0
1.4 Interest received	0	0
1.5 Interest and other costs of finance paid	0	0
1.6 Income taxes paid	0	0
1.7 Government grants and tax incentives	102	103
1.8 Other (IPO Related Expenses)	0	(1,220)
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(1,306)</b>	<b>(5,014)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) entities	0	0
(b) businesses	0	0
(c) property, plant and equipment	(62)	(3,240)
(d) investments	0	0
(e) intellectual property	0	0

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months 30.06.20) \$A'000
(f) other non-current assets	0	(261)
2.2 Proceeds from disposal of:		
(a) entities	0	0
(b) businesses	0	0
(c) property, plant and equipment		107
(d) investments	0	0
0 (e) intellectual property	0	0
(f) other non-current assets	0	0
2.3 Cash flows from loans to other entities	0	0
2.4 Dividends received (see note 3)	0	0
2.5 Other (provide details if material)	0	0
<b>2.6 Net cash from / (used in) investing activities</b>	<b>(62)</b>	<b>(3,394)</b>

<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	0	19,500
3.2 Proceeds from issue of convertible debt securities	0	1,749
3.3 Proceeds from exercise of options	0	0
3.4 Transaction costs related to issues of equity securities or convertible debt securities	0	(686)
3.5 Proceeds from borrowings	100	2,090
3.6 Repayment of borrowings	(505)	(10,123)
3.7 Transaction costs related to loans and borrowings	0	0
3.8 Dividends paid	0	0
3.9 Other	0	0
<b>3.10 Net cash from / (used in) financing activities</b>	<b>(405)</b>	<b>12,530</b>

<b>4. Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of period	5,936	41
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(1,306)	(5,014)

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (12 months 30.06.20) \$A'000</b>
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(62)	(3,394)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(405)	12,530
4.5	Effect of movement in exchange rates on cash held	0	0
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>4,163</b>	<b>4,163</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	4,163	5,936
5.2	Call deposits	0	0
5.3	Bank overdrafts	0	0
5.4	Other (provide details)	0	0
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>4,163</b>	<b>5,936</b>

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to related parties and their associates included in item 1	0
6.2	Aggregate amount of payments to related parties and their associates included in item 2	0

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

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

**7. Financing facilities**

*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.*

	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
7.1 Loan facilities	4,000	0
7.2 Credit standby arrangements	0	0
7.3 Other (please specify)	0	0
<b>7.4 Total financing facilities</b>	<b>4,000</b>	<b>0</b>

7.5 **Unused financing facilities available at quarter end** 4,000

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.

M8S entered into a loan agreement with SBANG Sustainable Energies Limited (Sbang), a Thailand based company for AUD 4,000,000 at an interest rate of 10% per annum. The expiry date of the facility is 24 months after the first advance is made or such other date that is agreed upon by both parties in writing.

Shareholder approval for this facility was obtained at the Company's annual general meeting held on 5 June 2020.

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (Item 1.9)	<b>(1,306)</b>
8.2 Cash and cash equivalents at quarter end (Item 4.6)	4,163
8.3 Unused finance facilities available at quarter end (Item 7.5)	4,000
8.4 Total available funding (Item 8.2 + Item 8.3)	8,163
<b>8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)</b>	<b>6.25</b>

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

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:  
Not Applicable

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:  
As outlined in the Company's Prospectus dated 30 October 2019, M8S has entered into a loan agreement with Sbang as outlined in item 7.6 above.

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. Following the successful completion of Company's IPO in raising \$19.5m and shareholder approval of the Sbang facility as outlined in item 7.6 above, the Company is well placed to achieve the completion of the Gingin landfill project and to promote and enhance the operating activities of its Maddington site.

### 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: 30 July 2020

Authorised by: the board of directors  
(Name of body or officer authorising release – see note 4)

### 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.