



13 August 2020

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

By email

Dear Sir/Madam

Activities Report - quarter ended 30.06.2020 (amended)

As requested by the ASX and in accordance with Listing Rule 4.7C.2, please find attached an amended activities report for the quarter ended 30.06.2020 which incorporates a table showing actual expenditure incurred for the quarter for items covered in the "use of funds" statement as contained in the Company's prospectus which was lodged with the ASX on 9 December 2019.

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'.

John Colli  
Company Secretary



ASX Announcement | 13 August 2020

## **QUARTERLY ACTIVITIES REPORT(Amended)**

**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.

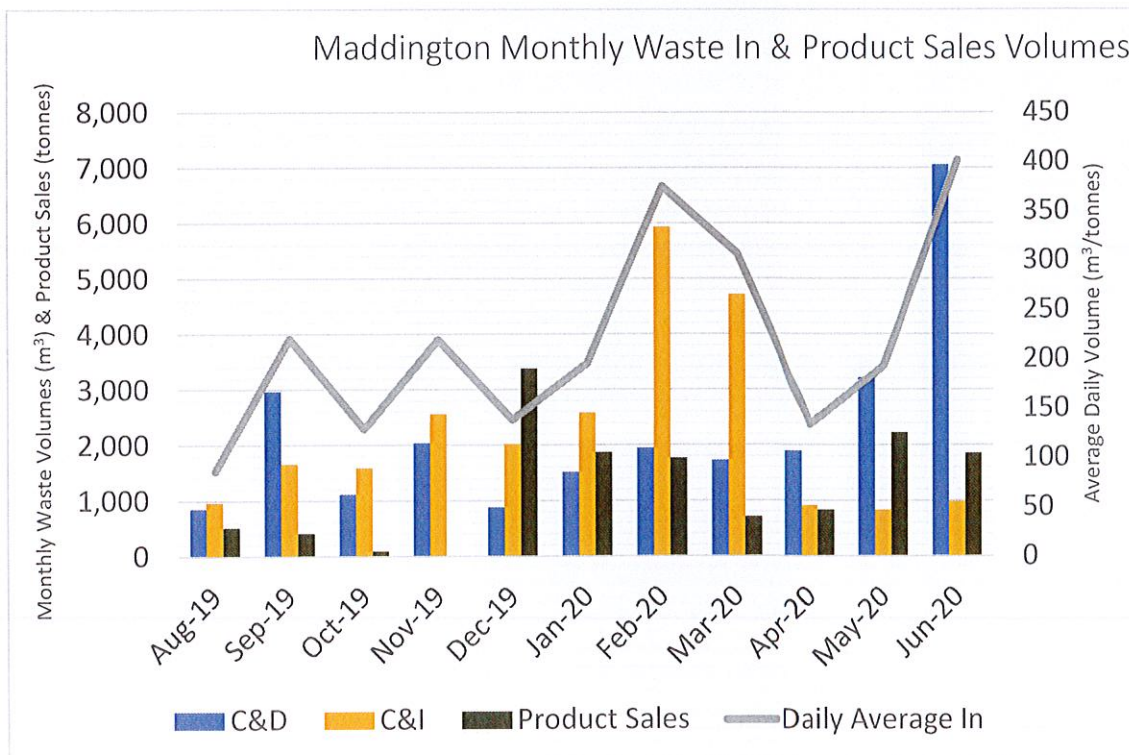
**MADDINGTON WASTE FACILITY**

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.

Pursuant to Listing Rule 4.7C.2 the following table shows a comparison of actual expenditure incurred during the reporting quarter for each item shown in the “use of funds’ statement as contained in the Company’s prospectus which was lodged with the ASX on 9 December 2019.

Funds available	Full Subscription (as per Prospectus) (\$)	Percentage of funds	Actual Spent Quarter ended 30.06.2020 (\$)	Actual Spent since ASX listing(11.12.2019) to 30.06.2020 (\$)
Repayment of principal amount borrowed from SBANG	4,400,000	22.6%	-	4,400,000
Payment of interest on loan from SBANG	1,222,805	6.3%	-	1,255,333
Development of the Gingin Facility	9,500,000	48.7%	61,679	2,673,773
Working Capital	2,526,190	13.0%	1,306,471	3,760,837
Expenses of the Offers	1,851,005	9.5%	-	1,898,316
<b>Total</b>	<b>19,500,000</b>	<b>100.0%</b>	<b>1,368,150</b>	<b>13,988,260</b>

From a capital raising of \$19,500,000, a total of \$13,988,260 has been incurred/spent to 30 June 2020. The material variances are explained as follows:

- **Development of Gingin Facility:** The Company is progressing with the ongoing development of the landfill facility. The first stage which involved bulk earthworks, construction of cell 1 and access roads has been completed. The Company has also obtained confirmation of substantial commencement under its planning approval from Shire of Gingin. The next phase of construction (installation of liners) is expected to commence after the winter period.
- **Working Capital:** While the Maddington recycling facility is in the process of ramping up, the working capital gap is greater than earlier envisaged. In addition, the COVID-19 crisis posed some challenges to certain business sectors that relate to the Company’s activities. However, volumes have been improving since April-2020 lows (refer to Maddington Waste Facility section above).

## 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:

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