

ASX Announcement | 11 February 2021

## **FINANCING SECURED TO COMPLETE GINGIN**

M8 Sustainable Limited (“**M8S**” or “**the Company**”) is pleased to announce that it has secured an \$11 million financing facility provided by Remagen Capital Management Pty Ltd (“**Remagen**”). The facility will be primarily used to complete construction of the Gingin Waste Management Facility (“**Gingin**”), as well as toward working capital and to fund the \$3.5 million bank guarantee required by the regulatory authority for Gingin.

Over the past six months key activities completed at Gingin include bulk earthworks and receipt of key liners on site for installation. Following a mandatory 100-day testing period, the Company has recently received confirmation from independent testing that the required specifications for the liners have been satisfied.

Access to the Remagen facility enables M8S to bring on-line a key strategic asset in Gingin, which is central to both the growth of the Company and its overarching strategy of becoming a tier-one, full-service, Western Australian waste management operation.

An independent expert valuer, commissioned by Remagen and Fernview Environmental Pty Ltd (the Company’s wholly owned subsidiary), has ascribed a value of \$56 million to the Gingin landfill upon its completion and on a going concern “as if complete” basis. The market value was completed for first mortgage security purposes only.

The Department of Water and Environmental Regulation (“**DWER**”) Works Approval covering construction for Gingin provides for a Category 64: Class II or III Putrescible Landfill site.

A Class II & III licence, when obtained:

- positions Gingin as the only waste management facility of its type servicing the northern part of the Perth metropolitan area and allows Gingin to accept a far broader range of waste streams.
- provides the Company with a major competitive advantage, with Gingin being able to service specialised waste streams not only from the Perth Metropolitan area but also the Wheatbelt, Midwest, Goldfields and Pilbara regions of Western Australia.

Given current market trends, the state-of-the-art Bioreactor waste management facility designed by M8S, which allows for the recirculation of leachates to aid and accelerate the biological breakdown of the organic fraction and its subsequent re-use in the agricultural sector, means that Gingin could also be used as an “organics only” bioreactor to take advantage of Perth’s growing need to provide processing for Food Organics, Garden Organics (“**FOGO**”) waste.

Many West Australian Local Government Authorities are committing to recovery and processing of FOGO and it is estimated that 25% to 65% of Perth’s general waste collected from households (currently approximately 1.6 million tonnes per annum) which is currently sent to landfill will be separately collected as FOGO. (*source: <http://www.ownyourimpact.com.au/news/what-is-fogo>; <https://www.environment.gov.au/system/files/resources/d075c9bc-45b3-4ac0-a8f2-6494c7d1fa0d/files/national-waste-report-2016.pdf>*).

The Company has identified FOGO processing as a key growth area and as such a Works Approval Application has been lodged with DWER for a 50,000 tonnes per annum FOGO forced aeration windrow composting facility, utilising propriety technology developed in the US for rapid composting of organic waste at Gingin.

The Company is committed to the development of a world class waste management facility at Gingin and the site is also being evaluated as a potential future location for a Waste- to- Energy facility and a solar farm.

M8S Managing Director Tom Rudas said *“Gingin is a critical element of our overall growth strategy and we are pleased to secure financing through Remagen, which enables us to complete construction and commence operations.*

*“Currently, there is a significant shortage of facilities in Perth’s northern corridor, which is seeing waste being diverted to distant landfills and we see Gingin providing a clear solution to that growing demand.*

*“Gingin also provides the Company with significant upside across several different waste streams, including hazardous and FOGO waste, and complements our Maddington Recycling Facility.*

*“We look forward to ramping up activity over the coming months and establishing Gingin as a tier-one bioreactor waste management facility.”*

Key terms of the Remagen loan facility are as follows:

Loan Amount: \$11 million

Interest Rate: 14% per annum

Term: 24 months

Security: (i) first ranking mortgage over the land upon which the Gingin Waste Management Facility is being constructed and over M8S’s lease over the Maddington Waste Facility  
(ii) security interest over all of the present and future property and assets of the Company and its subsidiary, Fernview Environmental Pty Ltd

The security is provided in favour of Remagen

Fees: 4% of the Loan Amount payable as arrangement and loan fees with an additional 2% if the facility exceeds a term of 12 months

The loan facility also contains indemnities, warranties, undertakings and events of default considered customary for an agreement of this nature.

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

**ENDS-**

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## **ABOUT M8 SUSTAINABLE**

*M8 Sustainable is a key player in the fast-growing WA waste management sector, with a strategic focus on the downstream sectors of processing and disposal.*

*M8 operates a metropolitan construction and demolition waste processing facility in Maddington – while its key growth asset is a major new bioreactor waste management facility at Gingin in Perth's north, currently under construction.*

*The Company's integrated business model generates revenue from waste processing and the recovery and sale of waste-derived products, while a considerable opportunity exists for the Gingin facility to host a waste-to-energy bioreactor facility.*