

M8 SUSTAINABLE LIMITED
ACN 620 758 358
SUPPLEMENTARY PROSPECTUS

1. IMPORTANT INFORMATION

This supplementary prospectus (**Supplementary Prospectus**) is dated 13 June 2022 and is supplementary to the prospectus dated 20 May 2022 (**Prospectus**) issued by M8 Sustainable Limited (ACN 620 758 358) (**Company**).

This Supplementary Prospectus was lodged with the ASIC on 13 June 2022. The ASIC, the ASX and their respective officers take no responsibility for the contents of this Supplementary Prospectus.

This Supplementary Prospectus must be read together with the Prospectus. Other than as set out below, all details in relation to the Prospectus remain unchanged. Terms and abbreviations defined in the Prospectus have the same meaning in this Supplementary Prospectus. To the extent of a conflict between the Prospectus and the Supplementary Prospectus, this Supplementary Prospectus will prevail.

This Supplementary Prospectus will be issued with the Prospectus as an electronic prospectus, copies of which can be downloaded from the website of the Company at www.m8sustainable.com.au. The Company will send a copy of this Supplementary Prospectus to all Applicants who have subscribed for Shares pursuant to the Prospectus to the date of this Supplementary Prospectus.

This is an important document and should be read in its entirety. If you do not understand it, you should consult your professional advisers without delay.

2. PURPOSE OF THIS DOCUMENT

The Supplementary Prospectus has been prepared to provide investors with updated information in relation to the Prospectus, specifically:

- (a) updating the disclosure in respect of the Directors' interests in Securities and the effect of the Offer on control of the Company by M8H;
- (b) updating the disclosure in respect of the potential dilution for non-participating Shareholders;
- (c) updating the disclosure in respect of the purpose of the Offer;
- (d) providing updated risk factors;
- (e) providing an updated timetable; and
- (f) providing a new Application Form in respect of the Offer.

3. AMENDMENTS TO THE PROSPECTUS

3.1 Timetable

The Board wishes to advise that the Closing Date of the Offer has been extended until 5:00pm (WST) on 28 June 2022. Accordingly, Section 1.1 of the Prospectus is deleted and replaced with the following:

Lodgement of Prospectus with the ASIC and ASX	20 May 2022
Ex date	25 May 2022
Rights start trading	25 May 2022
Record Date for determining Entitlements	26 May 2022
Offer opening date, Prospectus sent out to Shareholders & Company announces this has been completed	30 May 2022
Lodgement of Supplementary Prospectus	13 June 2022
Rights stop trading	21 June 2022
Securities quoted on a deferred settlement basis	22 June 2022
Last day to give notice to extend the Closing Date of the Offer	23 June 2022
Closing Date of the Offer*	28 June 2022
Results of Offer announced to ASX	30 June 2022
Issue date and lodgement of Appendix 2A with ASX. Deferred settlement trading ends.	1 July 2022
Quotation of Shares issued under the Offer*	4 July 2022

*The Directors may extend the Closing Date by giving at least 3 Business Days' notice to ASX prior to the Closing Date. As such the date the Shares are expected to commence trading on ASX may vary.

3.2 Directors' Interests in Securities and Effect on Control by M8H

Section 1.4 of the Prospectus is deleted and replaced with the following:

The relevant interest of each of the Directors in the Securities of the Company as at the date of this Prospectus, together with their respective Entitlement, is set out in the table below:

Director	Shares	Options	Share Entitlement	\$
Mark Puzey	1,500,000 ¹	-	3,150,000	31,500
Tomasz Rudas	2,000,002 ²	-	4,200,005	42,000.05
Saithsiri Saksitthisereekul	166,430,076 ³	-	349,503,160	3,495,031.60

Notes:

1. Comprising 450,000 Shares held by Mr Puzey and 1,050,000 Shares held by Ingrid Puzey, the spouse of Mr Puzey.
2. Comprising 1 Share each held by Mr Rudas and Jane Rudas, the spouse of Mr Rudas and 2,000,000 Shares held by Krystyna Rudas, the mother of Mr Rudas.
3. These Shares are held by M8 Holding Limited (formerly named SBANG Sustainable Energies Ltd) (**M8H**). Mr Saksitthisereekul is a director and holds 45.32% of the issued capital of M8H with his spouse also holding 1.08% of the issued capital of M8H.

M8H has confirmed to the Company that it currently intends to take up a minimum of 279,040,000 Shares of its full Entitlement of 349,503,160 Shares (**M8H Minimum Commitment**). As part of the M8H Minimum Commitment, the Company and M8H have entered into a deed of debt conversion pursuant to which M8H agrees to take up a portion of its Entitlement under the Offer via the conversion of debt into equity

(representing a subscription of up to 140,000,000 Shares in consideration for a conversion of up to \$1,400,000 of debt owing to M8H under the loan agreement between the parties which was summarised in Section 9.5 of the Company's IPO prospectus dated 30 October 2019 (**Loan Agreement**)) (**Conversion Deed**). The material terms of the Conversion Deed are:

- (a) the Shares to be issued to M8H will be issued at the Offer price (\$0.01);
- (b) the issue of the Shares is conditional upon the Company issuing the Shares under the Offer (i.e. which includes the Company raising the Minimum Subscription);
- (c) the issue of the Shares will fully release the Company from its obligation to repay moneys owed to M8H under the Loan Agreement; and
- (d) the Loan Agreement will terminate upon the issue of the Shares to M8H.

Assuming the 8,000,000 Corporate Advisory Shares are issued to Canaccord and:

- M8H takes up the M8H Minimum Commitment and the Minimum Subscription is raised, M8H's voting power in the Company would decrease to approximately 34.7%;
- M8H takes up its full Entitlement and the Minimum Subscription is raised, M8H's voting power in the Company would increase to approximately 40.1%;
- M8H takes up the M8H Minimum Commitment and the Full Subscription is raised, M8H's voting power in the Company would decrease to approximately 30%; or
- M8H takes up its full Entitlement and the Full Subscription is raised, M8H's voting power in the Company would decrease to approximately 34.7%.

The Directors reserve the right to take up their respective Entitlement in whole or in part at their discretion.

In the event M8H applies to take up the M8H Minimum Commitment (or applies to take up its full Entitlement) and no other Shareholders accept their Entitlements (and no Shortfall Shares are issued), the Offer will not proceed given the Minimum Subscription condition set out in Section 2.5 would not be satisfied.

3.3 Potential dilution for non-participating Shareholders

Section 1.7 of the Prospectus is deleted and replaced with the following:

In addition to potential control impacts set out in Section 1.4 of the Prospectus, Shareholders should note that if they do not participate in the Offer, their holdings are likely to be diluted by approximately 67.9% (as compared to their holdings and number of Shares on issue as at the date of this Prospectus) assuming the Full Subscription is raised and the 8,000,000 Corporate Advisory Fee Shares are issued to Canaccord.

For illustrative purposes, the table below shows how the dilution may impact the holdings of Shareholders:

Holder	Holding as at Record date	% at Record Date ¹	Entitlements under the Offer	Holdings if Offer not taken Up	% post Offer (undiluted) ²	% post Offer (fully diluted) ³
Shareholder 1	10,000,000	2.10%	21,000,000	10,000,000	0.67%	0.66%
Shareholder 2	5,000,000	1.05%	10,500,000	5,000,000	0.34%	0.33%
Shareholder 3	1,500,000	0.31%	3,150,000	1,500,000	0.10%	0.10%
Shareholder 4	400,000	0.08%	840,000	400,000	0.03%	0.03%
Shareholder 5	50,000	0.01%	105,000	50,000	0.003%	0.003%

Notes:

1. This is based on a share capital of 477,209,670 Shares on issue as at the date of this Supplementary Prospectus and assumes no other Shares are issued prior to the issue of the Shares under the Offer.
2. This is based on a share capital of 1,487,349,977 Shares following completion of the Offer and the issue of the 8,000,000 Corporate Advisory Shares to Canaccord and assumes no other Shares are issued including on exercise or conversion of other Securities on issue prior to the issue of Shares under the Offer.
3. This is based on a fully diluted share capital of 1,517,349,977 Shares following completion of the Offer and the issue of the 8,000,000 Corporate Advisory Shares to Canaccord and assumes the 30,000,000 Options currently on issue are exercised into 30,000,000 Shares.

3.4 Purpose of the Offer

Section 3.1 of the Prospectus is amended by inserting the following after the third paragraph:

At present, the Company expects to complete construction of the Gingin Landfill Facility and pay the related invoices in the 3 months following completion of the Offer, repay the M8H Loan upon completion of the Offer, partly pay down the principal and interest owing under the Remagen Loan (but only in the event more than the Minimum Subscription is raised) over the 3 to 5 month period after completion of the Offer and pay the expenses of the Offer on completion of the Offer.

The Company's financial report for the half year ended 31 December 2021 (**Financial Report**) stated that the Company had recorded a net loss before tax of \$5,118,288, had operating and investing cash outflows of \$5,616,495, had cash and cash equivalents amounting to \$486,481 and had net current liabilities of \$4,770,053. In addition, the Financial Report stated that the Company's cash flow forecasts for the 12 months ended February 2023 showed that the Company would be required to raise additional equity or debt funding in order to fund working capital and debt repayment requirements. The Financial Report included a note which described the principal conditions that raised doubt about the Company's ability to continue as a going concern. Specifically, the Financial Report noted that there remained a material uncertainty as to whether the Company could raise sufficient funding (as outlined above) which may cast significant doubt about the Company's ability to continue as a going concern and, therefore, whether the Company would be able to realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the Financial Report. It should also be noted that since the end of the half year covered by the Financial Report, the Remagen Loan Facility (defined in Section 5.2 below) has been re-classified as a current liability of the Company (i.e. repayment is due in less than 12 months).

Notwithstanding the 'going concern' matters included in the Financial Report, the Directors believe that upon the successful completion of the Offer, the Company will have sufficient funds to adequately meet the Company's current commitments and short-term working capital requirements, provided further equity or debt fund raising is achieved (i.e. in addition to the funds raised under the Offer) that is required to meet the repayment schedule for the Remagen Loan Facility. In the event that the Offer is not completed successfully there is significant uncertainty as to whether the Company can continue as a going concern which is likely to have a material adverse effect on the Company's activities. Further, in the event the Company is unable to raise the further equity or debt funding required to repay the Remagen Loan Facility, there would be significant uncertainty as to whether the Company could continue as a going concern which is likely to have a material adverse effect on the Company's activities.

3.5 Risk Factors

Section 5.2 of the Prospectus is amended by deleting the "Potential for Dilution", "Control" and "Default Risk – Remagen Loan" risk factors and replacing them with the following:

<p>Potential for Dilution</p>	<p>In addition to potential control impacts set out in Section 1.4 of the Prospectus, Shareholders should note that if they do not participate in the Offer, their holdings are likely to be diluted by approximately 67.9% (as compared to their holdings and number of Shares on issue as at the date of this Prospectus) assuming the Full Subscription is raised and the 8,000,000 Corporate Advisory Fee Shares are issued to Canaccord.</p> <p>It is not possible to predict what the value of the Company's Shares will be following the completion of the Offer being implemented and the Directors do not make any representation as to such matters.</p> <p>The last trading price of Shares on ASX prior to the Prospectus being lodged of \$0.019 is not a reliable indicator as to the potential trading price of Shares after implementation of the Offer.</p>
<p>Control</p>	<p>M8 Holding Limited (formerly SBANG Sustainable Energies Limited) (M8H) is currently the largest Shareholder of the Company and has a relevant interest in approximately 34.9% of the Shares in the Company. Assuming M8H takes up its full Entitlement and the Minimum Subscription is raised, M8H's voting power in the Company could be as high as 40.1%. Refer to Section 1.4 for further details of the effect of the Offer on control of the Company by M8H.</p> <p>M8H's significant interest in the capital of the Company means that it is in a position to potentially influence the financial decisions of the Company, and its interests may not align with those of all other Shareholders.</p> <p>M8H holds a relevant interest in more than 25% of the Company which means that it has the potential to prevent a special resolution from being passed by the Company (such resolution requiring at least 75% of the votes cast by members entitled to vote on the resolution). Special resolutions are required in relation to approve certain Company matters including potentially seeking the delisting of the Company, amending the Constitution, approving the voluntary winding up of the Company and, if at any time the share capital of</p>

	the Company is divided into different classes of Shares, approving the variation of the rights attached to any such class.
Default Risk – Remagen Loan	<p>As announced on 11 February 2021, the Company secured an \$11 million financing facility provided by Remagen Capital Management Pty Ltd (Remagen) to enable construction of the Gingin Facility, fund the \$3.5 million bank guarantee required by the regulatory authority for Gingin Facility and for general working capital (Loan Facility). The Loan Facility is secured by a first ranking mortgage over the land upon which the Gingin Facility is being constructed and over the Company's lease over the Maddington Waste Facility and a security interest over all of the present and future property and assets of the Company and its subsidiary, Fernview Environmental Pty Ltd.</p> <p>Under the terms of the Loan Facility, the Company has obligations to make periodic interest and principal payments to Remagen on a monthly basis and fully repay the Remagen Loan Facility on or before January 2023.</p> <p>The Company has fully drawn down the Loan Facility of \$11 million, with the balance outstanding reducing to \$10.5 million as at 31 March 2022 (which amount is included in the current Borrowings component of the unaudited balance sheet as at 31 March 2022 (before pro forma adjustments) set out in Section 3.4 of the Prospectus.</p> <p>The Company expects to be able to repay the Loan Facility from the proceeds from future debt or equity raisings, cash flows from operations or proceeds from the sale of assets. However, there is a risk that the Company may be unable to procure or raise sufficient cash resources from its operations, future debt or equity raisings.</p> <p>Should the Company default on its obligations under the Loan Facility (including the obligation to make interest payments) an event of default will occur. In these circumstances, if the Company is unable to raise sufficient funds or otherwise cure the default, Remagen will be able to seek immediate repayment of the debts or enforce the security granted and sell some or all of the Company's assets.</p>

3.6 Continuous disclosure obligations

Section 6.2 of the Prospectus is amended by inclusion of the following line items in the table contained in that Section:

Date	Description of Announcement
7 June 2022	Appendix 3B - Update
7 June 2022	Rights Issue- Closure Date Extension/Shareholder Intention
30 May 2022	Prospectus Mail out
24 May 2022	Update – Proposed issue of securities – M8S
23 May 2022	Proposed issue of securities – M8S
23 May 2022	Proposed issue of securities – M8S
23 May 2022	Renounceable Entitlement Offer (May 2022)
23 May 2022	Investor Presentation – Equity Raising (May 2022)
23 May 2022	Prospectus - Entitlement Offer (May 2022)

4. NEW APPLICATIONS

Applications for Shares under the Offer after lodgement of the Supplementary Prospectus **must** be made using the Supplementary Application Form attached to or accompanying the Supplementary Prospectus. Applications after the date of the Supplementary Prospectus **must not** be made on the Application Form attached to or accompanying the Prospectus and any such applications will not be valid.

5. CONSENTS

The Company confirms that as at the date of this Supplementary Prospectus, each of the parties that have been named as having consented to being named in the Prospectus have not withdrawn that consent.

6. DIRECTORS' AUTHORISATION

This Supplementary Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors. In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Supplementary Prospectus with the ASIC.



Tomasz Rudas
Managing Director
M8 SUSTAINABLE LIMITED