



ASX Announcement | 19 August 2022

## \$10 MILLION CONVERTIBLE NOTE FACILITY

M8 Sustainable Limited (**ASX: M8S**) (**M8S** or the **Company**) is pleased to announce that it has signed an agreement with the Company's largest shareholder, M8 Holding Limited (**M8H**) (formerly SBANG Sustainable Energies Limited), for a loan facility of up to \$10 million by way of the issue of Convertible Notes.

M8S is now fully funded to complete the final stage of construction at the Gingin Landfill Facility (**Gingin**), which includes miscellaneous works, weighbridge and fencing, ahead of commencement of operations. With the opening of Gingin expected in the last quarter of calendar 2022, M8S plans to:

- ramp-up the Maddington Waste Facility for skip bin and C&D waste, coinciding with the opening of Gingin to take advantage of disposal synergies between both facilities
- secure additional cornerstone customers for waste supply at Gingin
- expand operations of Access Waste to secure Class II skip bin waste across the Perth metropolitan area

Commenting on the months ahead for M8S, Managing Director Tom Rudas said, *"We were disappointed not to complete the Entitlement Offer, however, we are very pleased to secure the funding required to complete construction of our Gingin Landfill Project and commence operations in the coming months.*

*"The opening of Gingin will transform M8S and allows us to ramp-up activities at the Maddington Waste Facility, expand our Access Waste technology platform offering and grow our integrated business model to deliver a sustained and profitable cash flow position.*

*"I would like to thank the ongoing support from our major shareholder M8 Holding Limited (formerly SBANG Sustainable Energies Limited) and look forward to a busy few months ahead".*

Of the \$10 million which can be drawn down under the Convertible Note loan facility, it is currently anticipated that up to \$3.1 million will be allocated to repay M8H, representing the amount drawn down on the existing \$4 million loan facility (including accrued interest), which M8S entered into with M8H prior to its ASX listing. The balance of the funds which can be drawn down under the Convertible Note loan facility totalling up to \$6.9 million, are anticipated to be used for Remagen loan repayments (principal and interest), completion of the Gingin construction and for ongoing working capital.

Key terms of the Convertible Note loan facility are as follows:

- facility amount: up to \$10million
- drawdown: 1 convertible note in the Company with a face value of \$1.00 will be issued for every \$1.00 drawn down under the facility
- interest rate: 10% per annum (capitalised) on the outstanding amount of the facility
- conversion price: subject to the satisfaction of conditions precedent, the convertible

notes will convert into fully paid ordinary shares in M8S at an issue price of 0.5 cent each at the election of M8H

- conditions precedent: conversion of the convertible notes is conditional upon the satisfaction of conditions precedent including FIRB approval and shareholder approval for the issue of shares in M8S
- term: unless converted into shares or repaid earlier, any moneys drawn down under the facility must be repaid by the Company 36 months after first drawdown
- early redemption: the Company can repay moneys drawn down under the facility earlier than the end of the term with the consent of M8H
- security: 2<sup>nd</sup> ranking security over all M8S assets, subject to shareholder approval and other necessary consents being obtained
- arrangement fee: 3% of the facility amount payable in cash upon first drawdown

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

**ENDS-**

For further information please contact:

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

***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.*