



31 October 2022

The Manager  
ASX Market Announcements Office  
ASX Limited  
Exchange Centre  
20 Bridge Street  
Sydney NSW 2000

By email

Dear Sir/Madam

Activities Report and Appendix 4C – quarter ended 30.09.2022

In accordance with Listing Rule 4.7B, please find attached M8 Sustainable Limited's Activities and Appendix 4C cashflow reports for the quarter ended 30.09.2022.

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 SEPTEMBER 2022**

### **KEY POINTS**

- Commencement of final construction works at the Gingin Landfill Facility (**'Gingin'**)
- Construction at Gingin anticipated to be completed by end of Q4 2022
- Commercial operations at Gingin expected to commence in Q1 2023
- The Company secured a \$10M convertible note facility with M8 Holding Limited (**'M8H'**), the Company's largest shareholder. Funding will be used to complete construction and commence operations
- Completed a subscription agreement with Adroit Capital Group ESG Pty Ltd (Adroit) for a share placement to raise \$0.5M
- Post quarter end, appointed Mr Rodney Illingworth to the Board as a Non-Executive Director

M8 Sustainable Limited ("**M8S**" or "**the Company**") provides the following update on its activities for the quarter ended 30 September 2022.

### **GINGIN LANDFILL FACILITY**

Final construction works at the Gingin Landfill Facility commenced.

Cell 1 is 90% complete. The leachate pond and recirculation system are 100% complete. Minor liner works associated with cell 1, fencing and a weighbridge are in process of being finalised.

M8S anticipates that final works will be completed in Q4 2022.

An application for commencement of operations will be lodged with the Department of Water and Environmental Regulation (**'DWER'**) once on-site works are completed. This final DWER sign off typically takes up to sixty days, with operational activities at Gingin expected to commence in Q1 2023.

Gingin has an approved capacity of 150,000 tonnes per annum.

## **MADDINGTON WASTE FACILITY**

Construction & Demolition ('C&D') and Commercial & Industrial ('C&I') waste recycling activities continued at reduced levels in the September quarter.

The primary focus at Maddington has been on clearing and preparing the site in anticipation of significant inflows of waste, to coincide with commencement of commercial operations at Gingin.

Metals recycling activities continued to be kept on hold during the reporting period.

## **ACCESS WASTE**

Access Waste, which provides skip bin services to both the private and commercial sectors generated revenue of \$160k for the quarter.

Like the C&D and C&I operations, Access Waste activities and operations were also constrained as the inflow of waste at Maddington has been reduced as outlined in the section above.

## **CORPORATE**

The Board continued to focus on and monitor the Company's capital and funding requirements.

The renounceable Rights Issue offer announced in May 2022 and closed in August 2022 which sought to raise approx. \$10m was unsuccessful, as the minimum subscription of \$8m was not achieved.

The Company announced on 19 August 2022 completion of a \$10m loan facility by way of Convertible Notes with its largest shareholder, M8 Holding Limited (formerly SBANG Sustainable Energies Limited). The facility enables M8S to be fully funded to complete construction and commence commercial operations at Gingin, provide additional working capital to ramp up recycling operations at Maddington and lastly, expand the Access Waste division.

M8S also signed and completed a share subscription agreement with Adroit Capital Group ESG Pty Ltd ('Adroit') at the end of the reporting period for a placement of shares to raise \$0.5 million.

Subsequent to the quarter end, M8S strengthened its Board through the appointment of Mr Rodney Illingworth as Non-Executive Director.

Mr Illingworth is not considered to be an independent Director of the Board, as he is a director and shareholder of Adroit Capital Group ESG Pty Ltd, which is a major shareholder of M8S (holding approximately 13.02% of the issued share capital).

Mr Illingworth is an experienced executive and director who has a wealth of experience and understanding in the development and construction of mining ventures, management of successful mining operations and logistics management across several sectors. Mr Illingworth specialises in green field resources projects, driving revenue growth and leading innovation. Mr Illingworth has invaluable business and executive networks across the Northern Territory and Western Australia and expertise in handling Native Title and Indigenous matters.

A number of additional key corporate activities occurred post the reporting period and are outlined below:

- The Company issued 71,428,521 fully paid ordinary shares to Adroit as part of the share placement; Adroit is now the Company's second largest shareholder with approx. 13% of the issued capital
- M8S executed a \$4m Convertible Note loan facility with Reforme Special Situation Pty Ltd
- M8S varied the Convertible Note facility with M8H by reducing the loan amount from \$10m to \$5.5m, which reflected the share placement made to Adroit and the convertible note facility with Reforme

A summary of cash flow during the reporting period is as follows:

Operating Activities: \$370k used in total

*Receipts - \$550k*

- \$543k - receipts from customers
- \$7k - interest received

*Payments - \$920k*

- \$447k - employment costs including all on-costs
- \$321k - insurance, legal, IT, professional, variable outgoings on leased property and audit fees etc.(net)
- \$152k - interest and other finance costs

Investing Activities: \$953k used in total

*Payments - \$953k*

- \$894k - purchase of plant and equipment including Gingin landfill capital work in progress and capitalised interest (also refer to the material variances note following the table below)
- \$59k - investments in joint venture

Financing Activities: \$1,453k in total

*Receipts - \$2,684k*

- \$2,184k - proceeds from M8 Holding borrowings
- \$500k - proceeds from issue of equity

*Payments - \$1,231k*

- \$840k - repayment of Remagen loan

- \$291k - lease payments for mobile plant and equipment and a portion of Maddington lease rent recognised as financing cost as per AASB16
- \$100k - repayment of short-term loan.

Pursuant to ASX Listing Rule 4.7C.2, the table below 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.

	Full Subscription (as per prospectus) \$ '000	Percentage of funds	Actual spent Quarter ended 30.09.2022 \$ '000	Actual spent since ASX listing (11.12.2019 to 30.09.2022 \$ '000
Repayment of principal amount borrowed from SBANG	4400	22.6%		4400
Payment of interest on loan from SBANG	1223	6.3%		1255
Development of the Gingin Facility	9500	48.7%	894	13596
Working Capital	2526	13.0%	370	7813
Expenses of Offers	1851	9.4%		1898
Other capex		0.0%		596
	<b>19500</b>	<b>100.0%</b>	<b>1264</b>	<b>29558</b>

As at 31 March 2021, the Company has utilised all of the funds from the capital raising of \$19.5m. Any additional expenditure to the end of the reporting period has been funded from the \$11.0m Remagen loan facility, the funds raised through the June 2021 rights issue (\$4.66m), the \$4m M8H loan facility, the \$10m M8H convertible note facility and the Adroit placement (\$0.5m).

Material variances above are explained as follows:

Development of the Gingin facility – the initial \$9.6m fixed price contract for the construction of the Gingin landfill facility, has changed to \$10.8m due to contract variations and time delays. The variances giving rise to the total cost incurred to date, represent the capitalised portion of interest for the loan facility utilised to complete the project, as well as additional upgrade works and capitalisation of other associated costs.

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

**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 September 2022

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (3 months 30.09.22) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	543	543
1.2 Payments for		
(a) research and development	0	0
(b) product manufacturing and operating costs	14	14
(c) advertising and marketing	0	0
(d) leased assets	0	0
(e) staff costs	(447)	(447)
(f) administration and corporate costs	(335)	(335)
1.3 Dividends received (see note 3)	0	0
1.4 Interest received	7	7
1.5 Interest and other costs of finance paid	(152)	(152)
1.6 Income taxes paid	0	0
1.7 Government grants and tax incentives	0	0
1.8 Other (reclassification of interest)	0	0
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(370)</b>	<b>(370)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) entities		
(b) businesses		
(c) property, plant and equipment	(894)	(894)
(d) investments	(59)	(59)
(e) intellectual property		

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months 30.09.22) \$A'000
(f) other non-current assets (Bank guarantee)		
2.2 Proceeds from disposal of:		
(a) entities		
(b) businesses		
(c) property, plant and equipment		
(d) investments		
(e) intellectual property		
(f) other non-current assets		
2.3 Cash flows from loans to other entities		
2.4 Dividends received (see note 3)		
2.5 Other (provide details if material)		
<b>2.6 Net cash from / (used in) investing activities</b>	<b>(953)</b>	<b>(953)</b>

<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	500	500
3.2 Proceeds from issue of convertible debt securities		
3.3 Proceeds from exercise of options		
3.4 Transaction costs related to issues of equity securities or convertible debt securities		
3.5 Proceeds from borrowings*	2,184	2,184
3.6 Repayment of borrowings*	(1,231)	(1,231)
3.7 Transaction costs related to loans and borrowings		
3.8 Dividends paid		
3.9 Proceeds / (payments) from other loans		
<b>3.10 Net cash from / (used in) financing activities</b>	<b>1,453</b>	<b>1,453</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	12	12
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(370)	(370)



<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (3 months 30.09.22) \$A'000</b>
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(953)	(953)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,453	1,453
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>142</b>	<b>142</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	142	12
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>142</b>	<b>12</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	
6.2	Aggregate amount of payments to related parties and their associates included in item 2	10

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

For the quarter ended 30 September 2022, the Company paid an amount of \$10k to SBANG Australia Pty Ltd., a wholly owned subsidiary of Sbang Corporation Limited. Sbang Corporation Limited is a wholly owned subsidiary of Clover Power Public Company Limited, a company listed on the Thailand stock exchange. Mr Saksitthisereekul, who is a director of the Company, is also a director of Clover Power Public Company Limited.

**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	21,000	15,834
7.2 Credit standby arrangements	0	0
7.3 Other (please specify)	0	0
<b>7.4 Total financing facilities</b>	<b>21,000</b>	<b>15,834</b>

7.5 **Unused financing facilities available at quarter end** **5,166**

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.

**M8H convertible loan facility**

M8S entered into a loan agreement with M8 Holding Ltd (M8H) (formally known as SBANG Sustainable Energies Limited), a Thailand based company for an amount of AUD 4,000,000 at an interest rate of 10% per annum (Loan Facility) The expiry date of the Loan Facility is 24 months after the first advance is made or such other date as agreed in writing by both parties.

**M8H convertible note facility**

On 19 August the Company entered into a \$10m convertible note facility with M8H. The facility has an interest rate of 10% per annum. This convertible note facility replaced the convertible loan facility outlined above.

**Share placement**

On 30 September 2022, the Company executed a share subscription agreement with Adroit Capital Group ESG Pty Ltd for a placement of shares to raise \$500,000.

**Remagen loan facility**

On 11 February 2021, the Company entered into a \$11m loan facility with Remagen Capital Management Pty Ltd. The facility has been fully drawn down.

**Gingin construction loan facility**

In March 2020, the Company's wholly owned subsidiary, Fernview Environmental Pty Ltd (FVE), entered into a contract with Sbang Corporation Ltd for the construction of the Gingin landfill facility. A term of the contract provided for the discretion for the final payment of the construction to be converted to a 6-month loan facility at an interest rate of 10% pa.

<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)	(370)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	142
8.3 Unused finance facilities available at quarter end (Item 7.5)	5,166
8.4 Total available funding (Item 8.2 + Item 8.3)	5,308
8.5 <b>Estimated quarters of funding available (Item 8.4 divided by Item 8.1)</b>	<b>14</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: Not Applicable

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: Not Applicable

### 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: 31 October 2022

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.