M8 Sustainable Ltd
ACN 620 758 358
Unit 1, 48 Kelvin Road, MADDINGTON WA 6109

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30 October 2020

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 30.09.2020

In accordance with Listing Rule 4.7B, please find attached M8 Sustainable Limited's Activities and Appendix 4C cashflow reports for the quarter ended 30.09.2020.

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

Yours sincerely

John Colli
Company Secretary

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ASX Announcement | 30 October 2020

QUARTERLY ACTIVITIES REPORT

FOR THE PERIOD ENDED 30 SEPTEMBER 2020

KEY POINTS

- Significant increase in activity at the Maddington Waste Facility ("**Maddington**") across waste received, processed and product sales
  - Incoming waste processed over the September quarter increased 85% from the June quarter
  - Product sales increased by 243% over the same period
- Strong growth in waste volume at Maddington has continued into the December quarter
- Steady and continuous increase in new and repeat customers utilising Maddington
- New agreement with major waste management company and a sub-contract to process Local Government waste
- Development of the Gingin Landfill Facility ("**Gingin"**) remains on track with receipt of the liners for Cell 1
  - Liner installation is anticipated to commence in early 2021
- Key works focusing on completion of Cell 1 and the settlement pond construction anticipated to commence in early 2021

M8 Sustainable Limited ("**M8S**" or "**the Company**") is pleased to provide the following update on its activities for the quarter ended 30 September 2020.

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 road base, drainage aggregates and clean fill material.

M8S is focused on establishing Maddington as a leading waste management facility, servicing the Perth metropolitan corridor.

M8S experienced a strong three months at Maddington, highlighted by the doubling of Construction and Demolition (C&D) waste received. Maddington received 24,490m3 of C&D waste, up from 12,149m3 in the June quarter.

Commercial & Industrial (C&I) waste levels in the June quarter were impacted by a temporary downturn in activity due to COVID-19. The Company experienced improved activity levels towards the end of the past quarter with 2,156m3/tonnes received and processed in the month of September.

A new agreement with a major waste management company and a sub-contract to process local government waste have played a key role in the growth of C&I and C&D waste processed at Maddington.

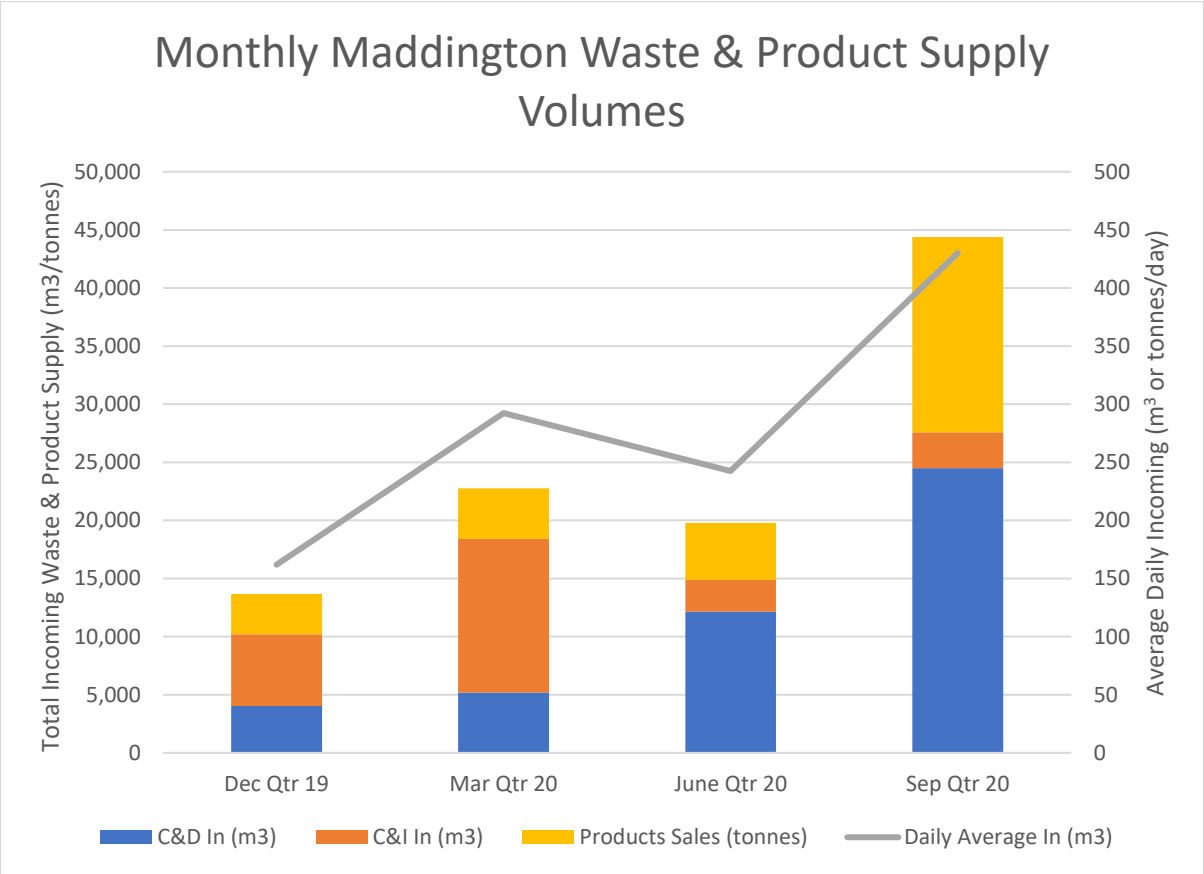


Table 1: Maddington Operational Results

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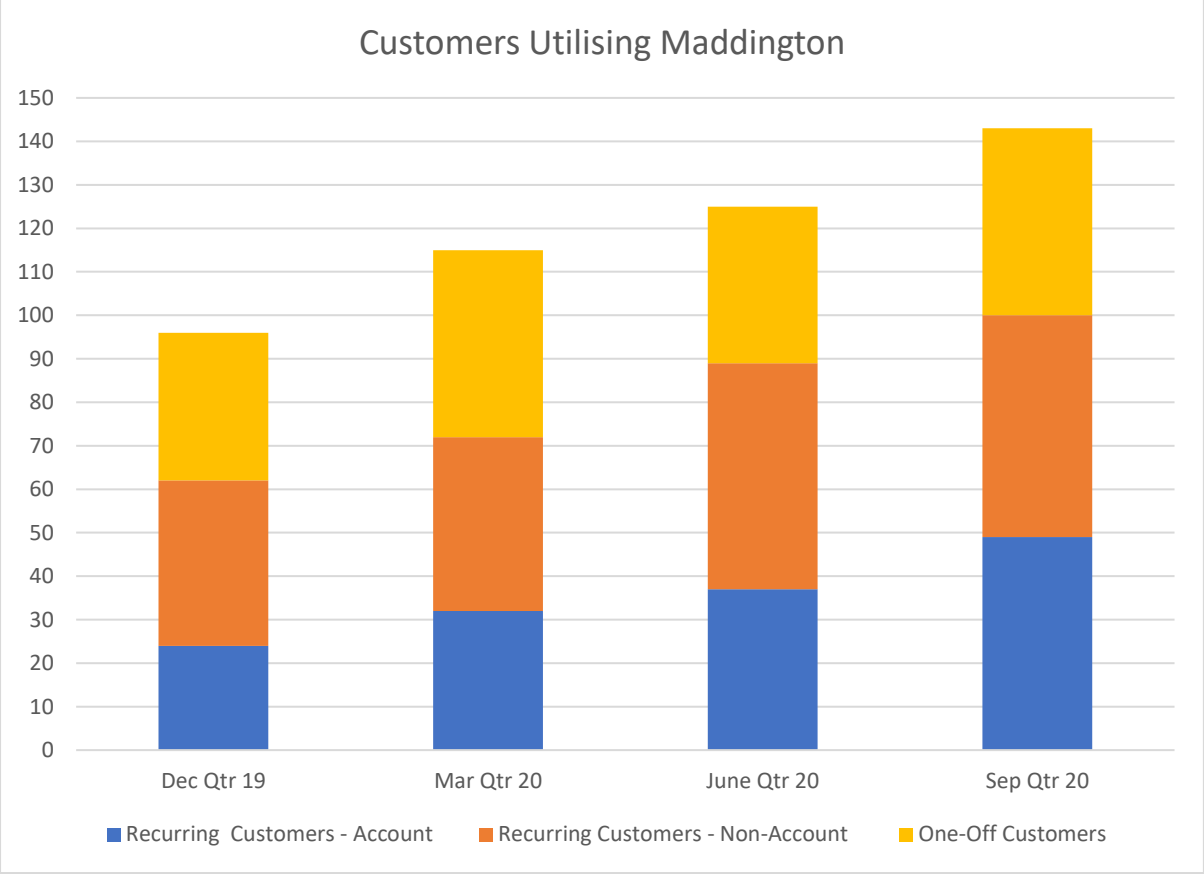


Table 2: Customers Utilising Maddington



Figure 1: Maddington Waste Facility

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Figure 2: Maddington Waste Facility



Figure 3: Maddington Waste Facility

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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 is focused on meeting its completion date of Gingin in the first half of CY2021

Primary activities over the past quarter at Gingin have focused on securing the specialised lining materials and products to complete Cell 1 and the settlement pond construction, with these key works anticipated to commence in early 2021.

A summary of expenditure incurred for activities undertaken during the reporting period is as follows:

Operating Activities: $508k in total (net of receipts from customers, government grants and tax incentives)

- $633k - incurred on manufacturing and operating costs consisting of waste disposal, transport, equipment hire, utilities and repairs and maintenance costs
- $712k - employment costs including all on-costs
- $282k - insurance costs, legal, IT, consultancy, variable outgoings on leased property and audit fees
- $35k - interest paid for insurance funding and finance charges for mobile plant and equipment financing.
- $139k – Jobkeeper and original cash flow boost payments received.

Investing Activities: $465k in total

- $464k - Gingin landfill activities: capital work in progress and purchase of mobile plant and equipment

Financing Activities: $79k in total

Receipts - $186k

- $34k – insurance premium funding received
- $151k – receipts from short term loan

Payments - $265k

- $151k – advance of short-term loan
- $53k – lease payments for Maddington recognised as repayment of principal amount as per AASB16
- $56k – repayment of principal portion of insurance premium funding
- $5k - repayment of short-term loan.

Pursuant to ASX 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 30.09.2020 $	Actual spent since ASX listing (11.12.2019 to 30.09.2020) $
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%	418,898	3,291,914
Working Capital	2,526,190	13.0%	587,513	4,348,350
Expenses of Offers	1,851,005	9.5%	-	1,898,316
Other capex	-	0.0%	44,937	44,937
	19,500,000	**100.0%**	**1,051,348**	**15,238,850**

From a capital raising of $19,500,000, a total of $15,238,850 has been incurred/spent to 30 September 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. Liners for cell 1 have been acquired and their installation is anticipated to commence in early 2021.
- 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).

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

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Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

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Name of entity	
M8 Sustainable Limited	
ABN	**Quarter ended ("current quarter")**
12 620 758 358	30 September 2020

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (3 months 30.09.20) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	1,014	1,014
1.2	Payments for		
	(a) research and development	0	0
	(b) product manufacturing and operating costs	(633)	(633)
	(c) advertising and marketing	0	0
	(d) leased assets	0	0
	(e) staff costs	(712)	(712)
	(f) administration and corporate costs	(282)	(282)
1.3	Dividends received (see note 3)	0	0
1.4	Interest received	1	1
1.5	Interest and other costs of finance paid	(35)	(35)
1.6	Income taxes paid	0	0
1.7	Government grants and tax incentives	139	139
1.8	Other (IPO Related Expenses)	0	0
1.9	**Net cash from / (used in) operating activities**	**(508)**	**(508)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) entities	0	0
	(b) businesses	0	0
	(c) property, plant and equipment	(464)	(464)
	(d) investments	0	0
	(e) intellectual property	0	0

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Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 months 30.09.20) $A'000
	(f) other non-current assets	0	0
2.2	Proceeds from disposal of:		
	(a) entities	0	0
	(b) businesses	0	0
	(c) property, plant and equipment	0	0
	(d) investments	0	0
0	(e) intellectual property	0	0
	(f) other non-current assets	0	0
2.3	Cash flows from loans to other entities	0	0
2.4	Dividends received (see note 3)	0	0
2.5	Other (provide details if material)	0	0
2.6	**Net cash from / (used in) investing activities**	**(464)**	**(464)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	0	0
3.2	Proceeds from issue of convertible debt securities	0	0
3.3	Proceeds from exercise of options	0	0
3.4	Transaction costs related to issues of equity securities or convertible debt securities	0	0
3.5	Proceeds from borrowings	186	186
3.6	Repayment of borrowings	(265)	(265)
3.7	Transaction costs related to loans and borrowings	0	0
3.8	Dividends paid	0	0
3.9	Other (Cash backed Bank Guarantee)	0	
3.10	**Net cash from / (used in) financing activities**	**(79)**	**(79)**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	4,163	4,163
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(508)	(508)

Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 months 30.09.20) $A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(464)	(464)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(79)	(79)
4.5	Effect of movement in exchange rates on cash held	0	0
4.6	**Cash and cash equivalents at end of period**	**3,112**	**3,112**

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter $A'000	Previous quarter $A'000
5.1	Bank balances	3,112	4,163
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**3,112**	**4,163**

6.	Payments to related parties of the entity and their associates	Current quarter $A'000
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	250

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

The amount in item 6.2 has been paid to SBANG Australia Pty Ltd, a wholly owned subsidiary of Thailand based SBANG Environmental Limited which in turn is a wholly owned subsidiary of SBANG Sustainable Energies Limited - the majority shareholder of the Group.

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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.*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
7.1	Loan facilities	4,000	0
7.2	Credit standby arrangements	0	0
7.3	Other (please specify)	0	0
7.4	**Total financing facilities**	4,000	0

7.5	**Unused financing facilities available at quarter end**	4,000

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.

M8S entered into a loan agreement with SBANG Sustainable Energies Limited, a Thailand based company for AUD 4,000,000 at the interest of 10% per annum. The termination date of the of the loan is 24 months after the first advance is made or such other date that is agreed upon by both parties in writing.

Shareholder approval for this facility was obtained at the Company's annual general meeting held on 5 June 2020.

8.	**Estimated cash available for future operating activities**	**$A'000**
8.1	Net cash from / (used in) operating activities (Item 1.9)	(508)
8.2	Cash and cash equivalents at quarter end (Item 4.6)	3,112
8.3	Unused finance facilities available at quarter end (Item 7.5)	4,000
8.4	Total available funding (Item 8.2 + Item 8.3)	7,112
8.5	**Estimated quarters of funding available (Item 8.4 divided by Item 8.1)**	14

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

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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: 30 October 2020

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.

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