

ASX Announcement | 20 May 2022

\$10.0M RENOUNCEABLE ENTITLEMENT OFFER

- **21 for 10 Renounceable Rights Issue to raise \$10 million with a minimum subscription of \$8 million; priced at \$0.01 per share, with rights to start trading from 25 May 2022**
- **Major shareholder, M8 Holding Limited (formerly SBANG Sustainable Energies Limited), will convert its loan of approximately \$1.4 million to equity under the entitlement offer; M8H has also committed to provide a standby loan facility of up to \$2 million to the Company**
- **Funds raised will be used to complete construction of Gingin, repay loans associated with the Gingin project to date and provide additional working capital to strengthen the balance sheet**
- **Key focus on completing construction and obtaining licensing approval of the Gingin Landfill Facility with commencement of operations currently anticipated for Q3 2022.**

M8 Sustainable Limited (**ASX: M8S**) (**'M8S' or 'the Company'**) is seeking to raise approximately \$10 million with a minimum subscription of \$8 million (before costs), through a pro rata renounceable entitlement offer of twenty one (21) fully paid ordinary shares in the capital of the Company (**Share**) for every ten (10) Shares held by eligible shareholders on 26 May 2022, at an issue price of \$0.01 per Share (**Entitlement Offer**).

The Entitlement Offer is not underwritten. M8S's major shareholder, M8 Holding Limited (**M8H**) (formerly SBANG Sustainable Energies Limited) will be converting its loan of approximately \$1.4 million to equity under the Entitlement Offer. Further details of this will be set out in the prospectus for the Entitlement Offer. M8H has committed to provide a loan facility of up to \$2 million to the Company to be drawn down from September 2022. Further details of the facility are set out in the investor presentation

The funds raised from the Entitlement Offer enable Gingin Landfill Facility (**Gingin**) construction to be completed, payment to the Gingin construction lead contractor (SBANG Australia) for project costs, and provide additional working capital to strengthen of the Company's balance sheet, including through payment of debt.

A key focus of the Company is to complete the construction of Gingin and to obtain a license to commence operations. In March 2022, a license application to operate Gingin was lodged with the West Australian Department of Water and Environmental Regulation (**DWER**).

Construction at Gingin is nearing completion with final ancillary works covering fencing, roads etc currently underway. Final documents associated with the sign off of the Works Approval, as granted by DWER, in order to obtain an operating license will be lodged on completion of construction – currently expected to be July 2022. The Company currently anticipates that operations will commence by the end of September 2022.

Gingin is a fully permitted landfill with a licensed capacity of 150,000 tonnes per annum.

On 13 April 2022, M8S announced it had entered into a 5-year waste disposal agreement with Brajkovich Demolition & Salvage (WA) Pty Ltd (BDS) pursuant to which BDS has undertaken to supply to Gingin a minimum of 40,000 tonnes and up to 60,000 tonnes of waste per calendar year. BDS is one of WA's largest demolition and salvage businesses and has been providing demolition services for more than 40 years.

With the focus on Gingin, Construction & Demolition, Commercial & Industrial, and metals recycling activities at Maddington have reduced to direct further capital towards Gingin to ensure the opening is completed in the September quarter. An increased focus has been placed on development of the Access Waste skip bin business, which is intended to drive increased volumes to Gingin.

Indicative use of proceeds of Entitlement Offer

The Company proposes to use the proceeds of the Entitlement Offer as follows:

Use	Minimum Subscription (\$m)	%	Maximum Subscription (\$m)	%
Gingin Landfill Construction	2.5	31.2	2.5	25.0
Payment of SBANG Australia Invoices - Gingin	1.5	18.8	1.5	15.0
Repayment of Shareholder Loan -M8 Holding	1.4	17.5	1.4	14.0
Debt Facility Repayment - Remagen	-	-	1.9	19.0
Working Capital	2.0	25.0	2.0	20.0
Expenses of the Entitlement Offer	0.6	7.5	0.7	7.0
Total	\$8.0m	100.0%	\$10.0m	100.0%

The above expenditure budget is indicative only and may change according to circumstances prevailing at the time.

Summary of the Entitlement Offer

1. The Entitlement Offer comprises twenty one (21) new Shares for every ten (10) existing Shares held by existing eligible shareholders on the record date of 26 May 2022 at \$0.01 per Share.
2. Eligible shareholders will comprise those shareholders with a registered address in Australia, New Zealand, Hong Kong, Singapore or Thailand (being all of the shareholders of the Company at the date of this announcement) or any other shareholders in other jurisdictions to whom the Company decides to make offers.
3. The Entitlement Offer is not underwritten.
4. Shares issued under the Entitlement Offer will rank equally with existing Shares on issue on the record date. The Company will make application for official quotation of the new Shares proposed to be issued under the Entitlement Offer. Share entitlements are renounceable and will be tradeable on the ASX.
5. 800,000,000 Shares (Minimum Subscription) or 1,002,140,307 Shares (Maximum Subscription) are expected to be issued pursuant to the Entitlement Offer. Shareholders who

do not take up all or any part of their entitlement will have their equity interest in the Company diluted.

6. No Shares will be issued pursuant to the Entitlement Offer until the Minimum Subscription of \$8 million has been received.
7. A shortfall offer facility will be available allowing eligible shareholders to apply for additional Shares over and above their entitlements (additional Shares will be issued to the extent there is a shortfall under the Entitlement Offer).
8. The Company also reserves the right to undertake a placement of up to 2,000,000,000 Shares to professional and sophisticated investors at the same price as the Entitlement Offer to raise up to an additional \$2,000,000 (**Top-up Placement**). Where the number of Shares applied for under the Top-up Placement exceeds the Company's available placement capacity, Shareholder approval will be sought for the issue of the number of Shares which is in excess of the available placement capacity.

Timetable

Further details of the Entitlement Offer, including details on how to accept and key risks of the Entitlement Offer, will be set out in a prospectus which is expected to be released to the ASX on 20 May 2022 and dispatched to shareholders on 30 May 2022. Outlined below is a timetable of relevant events and dates relating to the Entitlement Offer. These events and dates are indicative only and subject to change. Subject to the ASX Listing Rules, the Corporations Act and other applicable laws, the Company's Board reserves the right to modify all dates, including the Entitlement Offer closing date.

Event	Date
Announce Entitlement Offer and Lodge Appendix 3B	20 May 2022
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
Entitlement Offer opening date, Prospectus sent out to Shareholders and Company announces this has been completed	30 May 2022
Rights stop trading	3 June 2022
Securities quoted on a deferred settlement basis	6 June 2022
Last day to extend the Closing Date	7 June 2022
Closing Date as at 5:00pm	10 June 2022
Issue date and lodgement of Appendix 2A with ASX applying for quotation of the Shares	15 June 2022
Quotation of Shares issued under the Entitlement Offer	16 June 2022

Application for new Shares under the Entitlement Offer may only be made by completing the Application Form which accompanies the prospectus. Shareholders eligible to participate in the Entitlement Offer should read the prospectus carefully and consult professional advisers as necessary.

Enquiries

Any enquiries regarding the Entitlement Offer should be directed to:

John Colli, Company Secretary, + 61 8 6377 9600

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

This release does not constitute an offer to sell, or the solicitation of an offer to buy, securities in the United States or in any other jurisdiction in which such an offer or sale would be illegal. This release may not be distributed or released in the United States. No action has been or will be taken to register, qualify or otherwise permit a public offering of the securities referred to in this release in any jurisdiction outside Australia. In particular, the new shares to be offered in the Entitlement Offer have not been, and none of them will be, registered under the U.S. Securities Act of 1933 (the "Securities Act") or the securities laws of any state or other jurisdiction of the United States. Accordingly, the new shares may not be offered, directly or indirectly, to, any person in the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable U.S. state securities laws.

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.