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

28 October 2022

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

By email

Dear Sir/Madam

2022 Annual Report

In accordance with the ASX Listing Rules, M8 Sustainable Limited releases the 2022 Annual Report to the market.

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

Yours sincerely

John Colli
Company Secretary

M8 sustainable

ANNUAL REPORT 2022

SUSTAINABLE RECYCLING

M8 SUSTAINABLE

M8 Sustainable Limited (ACN 620 758 358) (M8S) is an ASX listed company, based in Western Australia, that owns and operates a high-quality waste recycling and disposal portfolio. Its activities include:

- recycling of construction & demolition, commercial & industrial waste and metals
- commercial and residential skip bin operations
- operations and management services to third parties
- construction of a landfill facility

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2022 IN BRIEF

- revenue from contracts with customers - $8.4M (prior year - $8.0M)
- loss after tax of $11.4M (prior year - $10.5M) – loss impacted by impairment charges of $5.1M for FY22 (prior year - $7.0M)
- successfully completed a $4.66M capital raising in August 2021 via a renounceable rights issue
- launched Access Waste, a commercial and residential skip bin collection business, in September 2021 with the establishment of a 50/50 joint venture company, IHub Technologies Pty Ltd, securing marketing and logistics technology rights
- Gingin landfill construction nearing completion – anticipated to occur in Q4 of calendar year 2022
- post FY22, executed a $10M convertible note facility with M8 Holding Limited, the Company's largest shareholder

CHAIRMAN'S LETTER

Dear Shareholder

The 2022 financial year has been challenging for the Company as it sought to establish itself as a leading participant in the waste recycling sector of Western Australia.

The loss of $11.4M for FY22 (prior year - $10.5M), which was significantly impacted by an impairment charge of $5.1M (prior year - $7.0M), was disappointing. Market conditions were still challenging for recycling activities at the Company's Maddington site with lower competitor gate fees and increasing processing costs. Revenue from C&I and C&D waste recycling activities totalled $0.75M for FY22 (prior year - $3.2M).

Revenue from metals recycling totalled $7M (prior year - $4.6M). However, as these activities were capital intensive, they were put on hold in the second half of the reporting period in order to prioritise the completion of the Gingin landfill project.

As a consequence of the lower waste recycling activities and metals processing being placed on hold at Maddington, the Group undertook an impairment assessment of the Maddington site and the Maddington assets were impaired in their entirety.

Board focus throughout the reporting period has been on monitoring the Company's capital requirements and cash position, driving the completion of the Gingin landfill project and raising funds.

A capital raising of $4.7m via renounceable rights issue was successfully completed in August 2021.

A renounceable rights issue announced in May 2022 to raise up to $10M closed unsuccessfully post FY22 as the minimum subscription of $8M was not achieved. In August 2022, the Company announced the successful execution of a $10M convertible note facility with M8 Holding Limited, the Company's largest shareholder.

The immediate key goal for the Company moving forward is to complete the Gingin landfill, obtain an operating license and commence activities.

A highlight during FY22 has been securing a cornerstone client for Gingin as well as establishing Access Waste in September 2021, a commercial and residential skip bin business, which will complement Gingin once it becomes operational.

During FY22 there were certain changes to the composition of the board. Stephen Hyams resigned as a director in November 2021. In October 2021 Jonathan Fisher was appointed as an independent non-executive director. Mr Fisher resigned from the board in December 2021. On behalf of the board, I would like to acknowledge Messrs Hyams' and Fisher's contribution.

In conclusion I would like to acknowledge the support and guidance of my fellow directors and thank the management team and all employees for their contribution and efforts during what has been a challenging year. The ongoing support of the Company's shareholders, business partners and customers are also acknowledged and greatly appreciated.

With the pending opening of the Gingin landfill, we are confident that M8 Sustainable is well positioned to benefit from the initiatives that will become available and grow its business activities.

Mark Puzey
Chairman of the Board of Directors

MANAGING DIRECTOR'S REPORT

Review of Operations

Financial Performance

For the financial year ended 30 June 2022, the Group incurred a loss after tax from ordinary activities of $11,371,650 ($10,464,942 for the prior year). The result was significantly impacted by recognising an impairment charge of $5,077,946 and depreciation charge of $1,593.053 (prior year: Impairment- $6,981,753; depreciation- $1,341,816).

Revenue from C&D and C&I recycling activities and Maddington for FY22 totalled $749,121 (prior year: $3,181,735).

As a consequence, the Group undertook an impairment assessment of the Maddington site as at 30 June 2022 and determined that the carrying value of the site exceeded its recoverable value. A resultant impairment charge as outlined above was recorded which reduced the carrying value of the Maddington assets to zero.

For the reporting year, the Company recorded revenue from contracts with customers of $8,440,924 (prior year: $8,041,048), which included revenue from metals recycling activities of $7,001,574 (prior year: $4,578,455). Other income included $740,796 from equipment hire (prior year: nil)

On the topic of capital management, points of note are as follows:

- in August 2021, the Company completed a fully underwritten one-for-one rights issue to raise $4.7m; the funds raised were used to further ramp-up metals recycling activities, Gingin construction and to supplement working capital to strengthen the balance sheet
- in May 2022, the Company announced it was undertaking a capital raising through a pro-rata renounceable entitlement offer to raise $10,021,403 with a minimum subscription of $8,000,000. The offer was not underwritten. Post reporting period, the issue did not proceed as the minimum subscription not being achieved
- post the reporting period, in August 2022, the Company announced that it had entered into a $10 million convertible note facility with its largest shareholder M8 Holding Limited

Maddington

Challenging market conditions continued to adversely affect recycling activities at Maddington associated with C&D and C&I waste. Key factors that impacted these activities included lower competitor gate fees and increasing processing costs. The Company also prioritised its focus on completing construction activities at the Gingin landfill project. The Maddington assets were fully impaired, as outlined above in the financial performance section.

Metals recycling activities generated solid revenue for the first half of FY22 as outlined above in the financial performance section. However, these activities were put on hold in the second half of the reporting period with resources being redeployed as the focus shifted to the completion of Gingin landfill project.

In mid-September 2021, the Company launched Access Waste – a skip bin business which utilises a cloud-based waste management and logistics platform.

The development and launch of Access Waste is a key component of the Company's waste strategy designed to generate waste for disposal at Gingin and support the daily operations at Maddington, whilst minimising the Company's investment in logistics infrastructure by utilising third party logistics providers to service the Company's customers.

MANAGING DIRECTOR'S REPORT (CONTINUED)

The launch of Access Waste involved the Company investing $351,000 over an 18-month period to acquire a 50% interest in iHUB Technologies Pty Ltd ("iHUB"). The Company acquired 351,000 shares in iHUB through the issue of shares to acquire a 50% interest in iHUB, the entity which provides the software platform for Access Waste. iHUB was previously 100% owned by iHUB Solutions Pty Ltd.

The Company also invested in skip bins and leased two trucks in its own right as required equipment for this new business. However, activities have been somewhat constrained due to limited access to additional and larger bins. For the reporting period, Access Waste activities generated revenue of $420,229.

The launch of Access Waste has been well received in the Perth metropolitan areas by the private and commercial sectors. The Access Waste ramp-up of volume generation is planned to coincide with the completion of construction of the Company's Gingin landfill facility.

In April 2022, the initial development and testing of the software platform was completed. This enabled the software to be commercialised as a tool to be used for streamlining orders, logistics and end-to-end supply chain processes in waste management and transport related activities. In Western Australia the platform is marketed through Access Waste as WasteVantage.

Gingin Landfill

A priority for the Company during FY22 was progressing the construction of its landfill facility at Gingin which has an approved capacity of 150,000 tonnes per annum.

Major works associated with the leachate ponds have been completed. Minor liner works associated with Cell 1, fencing and weighbridge are in the process of being finalised.

In March 2022, a license application for Gingin was lodged with the Department of Water and Environmental Regulation (DWER). Final documentation from consultants to the project will be lodged with DWER upon completion of the required works which will enable DWER to issue a license to commence operations. It is anticipated that construction at Gingin will be completed in the last quarter of calendar year 2022.

In April 2022, the Company announced that it had secured a cornerstone customer agreement with Brajkovich Demolition & Salvage (WA) Pty Ltd (BDS) to supply 40,000 tonnes and up to 60,000 tonnes of waste per calendar year. The Company will continue to progress additional cornerstone customer discussions, with the aim on fast-tracking full utilisation of Gingin's annual 150,000 tonnes capacity.

COVID-19

For FY22, the COVID-19 pandemic had little to no consequences on the Company's operations. However, the Group remains vigilant in monitoring the matter to ensure that strategies can be implemented quickly to safeguard key assets and maintain business continuity should the need arise.

Safety

The health, safety and well-being of our people as well as our customers, suppliers and communities remains a priority for the Group. It is pleasing to report that for FY22, the Group achieved an excellent safety result with no lost time injuries recorded.

Acknowledgments

I would like to acknowledge the support received from the Board and thank the management team and all persons in the Group for their efforts and contribution during the year.

Tom Rudas
Chief Executive Officer and Managing Director

M8 Sustainable Limited and its Controlled Entity

Financial Report

for the year ended 30 June 2022

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DIRECTORS' REPORT

The Directors present their report together with the consolidated financial report for M8 Sustainable Limited (the Company) and its controlled entity (the Group) for the year ended 30 June 2022.

1. DIRECTORS

Information on Directors

The directors of the Company who were in office for the whole of the financial year and up to the date of this report, unless otherwise indicated, were:

Name, qualifications, independence status and special responsibilities	Experience and other directorships
Mark Robert Puzey BCom, FCA, FAICD Independent Non-executive Chairman Chairman of Audit and Risk Committee	Mr Puzey was appointed as a director of the Company on 9 December 2019. He was appointed Chairman on 28 October 2020. He is a Chartered Accountant with over 30 years of experience with a broad base of financial skills in a variety of industries having spent 33 years with KPMG, including 18 years as a partner. Mr Puzey's role at KPMG included risk advisory, internal and external audit, IT advisory and management consulting experience in Australia, Asia and London. He is currently Audit & Risk Committee Chair and Non-Executive Director of the ASX listed DUG Technology Ltd, Deputy Chair of Horizon Power and Chair of its Audit & Risk Management Committee. Mr Puzey held the following other listed company directorships during the past 3 financial years: DUG Technology Limited (ASX: DUG) – 9 June 2020 to current
Tomasz Jacek Rudas BSc (Hons), MBA Managing Director	Mr Rudas was appointed as a director of the Company on 15 August 2017. He has over 21 years of professional experience in the waste management industry during which he has gained extensive experience in many facets of waste management operations and business activities. His experience gained from working in the private sector for both small and large waste management organisations, as well as the local government in Perth, has given Mr Rudas a unique perspective of the commercial dynamics and opportunities in the waste management market. He was also the founder and managing director of a public waste technology company AnaeCo Limited which under his leadership raised over $100M in equity and infrastructure funding and was successfully listed on the ASX in 2007. He ceased to be a director of AneaCo Limited in 2011. Mr Rudas was the Winner of the 2009 Ernst & Young Entrepreneur of the Year – Western Division in the Cleantech Category. Mr Rudas held no other listed company directorships during the past 3 financial years.

1. DIRECTORS (continued)

Information on Directors (continued)

Saithsiri Saksitthisereekul
MBA
Non-executive Director
Member of Audit and Risk Committee

Mr Saksitthisereekul was appointed as a director of the Company on 24 October 2018. He holds an Executive Master of Business Administration from the National Institute of Development Administration (NIDA) and with 11 years in the renewable energy sector is the CEO of M8 Holding Limited (M8H), formerly SBANG Sustainable Energies Limited. M8H is an integrated renewable energy company based in Thailand. Its core business is to build, own and or operate waste-to-energy and biomass power plants in Thailand.

Mr Saksitthisereekul held the following other listed company directorships during the past 3 financial years:

Clover Power Public Company Limited (BKK: CV) – 2 September 2021 to current (This company is listed on the Thailand Stock Exchange).

Stephen David Hyams
BCom
Non-executive Director
Member of Audit and Risk Committee
(Resigned 23 November 2021 as Director)

Mr Hyams was appointed as a director of the Company on 6 November 2020. He holds a Bachelor of Commerce degree from the University of London and is the founding director of the consultancy firm, Sustainability in Practice Pty Ltd, which specialises in business development and major projects. He is experienced and highly reputable in the waste management sector having held previous roles as Group General Manager – Business Development for Toxfree Australia Ltd, Group General Manager (WA) for Trans-pacific Industries/Cleanaway Ltd and Director of Business Development Projects for Veolia Australia Pty Ltd.

Mr Hyams held no other listed company directorships during the past 3 financial years.

Jonathan Duirs Fisher
BCom, LLB, MAppFin, FFin, GAICD
Independent Non-executive Director
Chairman of Audit and Risk Committee
(Resigned 3 December 2021 as Director)

Mr Fisher was appointed as a director of the Company on 4 October 2021. He has extensive experience in accounting and reporting, corporate finance including debt and equity capital raising, stock exchange listings, financial analysis, government approvals, business strategy and commercial development.

He was the Chief Financial Officer (CFO) and Company Secretary of specialist waste services company Tellus Holdings Ltd. Mr Fisher was a Director at PwC Strategy in Perth and a member of the Rothschild Natural Resources, Utilities & Infrastructure Team in London earlier in his career.

He is currently the CFO of ASX listed TNG Ltd, and a director of ASX listed Pearl Gull Iron Ltd.

Mr Fisher held the following other listed company directorships during the past 3 financial years:

Pearl Gull Iron Limited (ASX: PLG) – February 2021 to current

Directors' Interests in Securities of the Company

As at the date of this report, particulars of the relevant interest of each director in the securities of the Company are as follows:

Director	Number of Ordinary Shares
M Puzey (1)	1,500,000
T Rudas (2)	2,000,002
S Saksitthisereekul (3)	166,430,076

(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 Limited) (M8H). Mr Saksitthisereekul is a director of M8H and holds 42.95% of the issued capital of M8H.

During the 2021/22 financial year and as at the date of this report no director has declared any interest in a contract or proposed contract with the Company, the nature of which would be required to be reported in accordance with subsection 300(11)(d) of the Corporations Act 2001 except as follows:

- Mr Rudas has entered into an employment contract with the Company
- Mr Hyams had entered into a consultancy agreement with the Company, which was terminated upon his resignation

Directors' Meetings

The following table sets out the number of meetings of the Company's board of directors and sub-committees held during the financial year ended 30 June 2022 and the number of meetings attended by each director:

	Board of Directors			Audit & Risk Committee		
Director	Held	Eligible to Attend	Attended	Held	Eligible to Attend	Attended
M Puzey	20	20	20	5	5	5
T Rudas	20	20	20	-	-	-
S Saksitthisereekul	20	20	20	5	5	5
S Hyams	20	7	7	5	3	2
J Fisher	20	4	4	5	-	-

Note: (1) Directors may pass resolutions in writing without a formal meeting being convened. Such meetings are deemed by the Company's constitution to be meetings. The above table does not include such meetings.

(2) Following the resignations of Messrs McKinnon and Allan as Directors in October 2020, the role and responsibilities of the Remuneration and Nomination committees were assumed by the full Board.

2. PRINCIPAL ACTIVITIES

The principal activities of the Group during the reporting period were receiving and recycling of metals, commercial & industrial (C&I) and construction & demolition (C&D) waste and the establishment of a skip bin business at its Maddington Waste Facility. The skip bin activities, Access Waste, commenced in September 2021.

The Company also provided operations and maintenance services to the Brockwaste recycling facility at Shenton Park which is owned by Star Shenton Energy Pty Ltd.

A key focus of the Company was the ongoing construction of the Gingin landfill facility.

3. CONSOLIDATED RESULTS

	Year ended 30 June 2022	Year ended 30 June 2021
Revenue	9,181,720	8,041,048
Loss before income tax	(11,371,650)	(10,464,942)
Income tax benefit	-	-
Loss for the year from continuing operations	(11,371,650)	(10,464,942)

4. DIVIDEND PAID OR RECOMMENDED

During the financial year, the Group did not declare or pay any dividends (2021: Nil).

5. REVIEW OF OPERATIONS AND FINANCIAL RESULTS

Operations

The Group recorded a loss after tax of $11,371,650 for the reporting period which was significantly impacted by recognising an impairment charge of $5,077,946 and a depreciation charge of $1,593,053. This compares to a loss after tax of $10,464,942 for the prior year which included an impairment charge of $6,981,753 and a depreciation charge of $1,341,816.

Maddington Waste Facility ("Maddington")

Challenging market conditions continued to adversely affect recycling activities at Maddington associated with C&D and C&I waste. Key factors that impacted these activities included lower competitor gate fees and increasing processing costs. The Company also prioritised its focus on completing construction activities at the Gingin landfill project. Revenue from C&D and C&I activities for FY22 totaled $749,121 (prior year: $3,181,735). As a consequence, the Group undertook an impairment assessment of the Maddington site as at 30 June 2022 and determined that the carrying value of the site exceeded its recoverable value. A resultant impairment charge of $5,077,946 (prior year: $6,981,753) was recorded.

The Company's metals recycling activities generated revenue of $7,001,574 (prior year: $4,578,455). However, these activities were put on hold in the second half of the reporting period with resources being redeployed as the focus shifted to the completion of Gingin landfill project.

In mid-September 2021, the Company launched Access Waste – a skip bin business which utilises a cloud-based waste management and logistics platform.

The development and launch of Access Waste is a key component of the Company's waste strategy designed to generate waste for disposal at Gingin and support the daily operations at Maddington, whilst minimising the Company's investment in logistics infrastructure by utilising third party logistics providers to service the Company's customers.

The launch of Access Waste involved the Company investing $351,000 over an 18-month period to acquire a 50% interest in iHUB Technologies Pty Ltd ("iHUB"). The Company acquired 351,000 shares in iHUB through the issue of shares to acquire a 50% interest in iHUB, the entity which provides the software platform for Access Waste. iHUB was previously 100% owned by iHUB Solutions Pty Ltd.

The Company also invested in skip bins and leased two trucks in its own right as required equipment for this new business. However, activities have been somewhat constrained due to limited access to additional and larger bins. For the reporting period, Access Waste activities generated revenue of $420,229.

The launch of Access Waste has been well received in the Perth metropolitan areas by the private and commercial sectors. The Access Waste ramp-up of volume generation is planned to coincide with the completion of construction of the Company's Gingin landfill facility anticipated to be in the last quarter of calendar 2022.

In April 2022, the initial development and testing of the software platform was completed. This enabled the software to be commercialised as a tool to be used for streamlining orders, logistics and end-to-end supply chain processes in waste management and transport related activities. In Western Australia the platform is marketed through Access Waste as WasteVantage.

Gingin Landfill Facility ("Gingin")

Construction of Gingin, the Company's landfill facility with an approved capacity of 150,000 tonnes per annum is almost complete as at the balance date.

Major works associated with the leachate ponds have been completed. Works involving Cell 1 as well as fencing and weighbridge are in the process of being finalised.

In March 2022, a license application for Gingin was lodged with the Department of Water and Environmental Regulation (DWER). Final documentation from consultants to the project will be lodged with DWER upon completion of the required works which will enable DWER to issue a license to commence operations. Construction at Gingin is anticipated to be completed in the last quarter of calendar year 2022.

Brockwaste Recycling and Processing Facility ("Brockwaste")

The Company's operations and maintenance contract for the Brockwaste facility continues to generate revenue.

Corporate

Board Changes

The following changes to the composition of the board of the Company occurred during the reporting period:

- Stephen Hyams resigned as a Director on 23 November 2021
- Jonathan Fisher was appointed as a Director on 4 October 2021; he resigned as a Director on 3 December 2021.

Equipment Financing

The Company entered into financial arrangements to acquire mobile equipment for its activities at Maddington and construction of Gingin landfill. During the reporting period, the Company acquired two additional trucks for use in the newly established Access Waste business.

Renounceable Rights Issue and Convertible Note Facility

On 2 August 2021, the Company successfully completed the pro-rata renounceable entitlement issue which was announced on 24 June 2021. 233,229,835 new shares were issued under the pro-rata renounceable entitlement issue raising $4,664,596. In addition, 4,000,000 new shares and 10,000,000 options were issued to the underwriter.

On 23 May 2022, the Company announced it was undertaking a capital raising through a pro-rata renounceable entitlement offer to raise $10,021,403 with a minimum subscription of $8,000,000. The offer was not underwritten. The issue did not proceed, with the minimum subscription not being achieved, as outlined in the Events Subsequent To Reporting Date section of this report.

On 18 August 2022, the Company announced that it had entered into a $10 million convertible note facility with its largest shareholder M8H. Key terms of the convertible note loan facility are set out in the Events Subsequent To Reporting Date section of this report.

iHub/Access Waste

On 17 September 2021, the Company announced the launch of Access Waste, a commercial and residential skip bin collection business. This initiative also involved an investment in a 50/50 joint venture company, iHUB Technologies Pty Ltd (iHUB) of $19,500 each month for an 18-month period to secure the rights to the marketing and logistics technology. iHUB provides the software platform to support bookings for Access Waste.

M8 Holding Limited Loan Facility

The Company is party to a loan facility ("the Facility") provided by M8 Holding limited ("M8H"), the Company's largest shareholder, pursuant to which M8H has agreed to lend up to $4 million to the Company. On 29 October 2021, the Company issued a letter to M8H seeking to draw down on the Facility. The funds have been used for current capital projects and to meet working capital requirements. As at 30 June 2022, an amount of $2,350,000 had been drawn down. The Facility has an interest rate of 10% and is repayable 24 months after the first advance is made or such other date as agreed between the parties.

6. LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The C&D waste sector remains challenging in terms of pricing expected by customers compared to east coast markets such as Sydney and Melbourne.

However, with the impending completion of construction at the Gingin landfill facility (anticipated to be in late 2022), the Company is confident it will be able to significantly increase volumes of C&I waste being accepted at the Maddington site, as it will be in a much better position to manage residual disposal costs as well as direct more waste to its landfill facility.

Additionally, to further improve pricing of incoming waste, the Company has been operating its own skip bin collection operations – Access Waste, giving the Company direct access to waste generators. Access Waste is one area in which the Company will seek to grow its revenue.

As a result of signing an agreement with a cornerstone landfill customer as well as increasing C&I waste volumes at Maddington, the Company is confident that the landfill facility, which is currently nearing construction completion, will have adequate input from the commencement of its operations.

The Company had to temporarily limit its metals recycling operations as it shifted its focus on completing the Gingin landfill. However, the Company expects to resume its scrap metals recycling activities in early 2023.

7. EARNINGS PER SHARE

Basic loss per share for the year ended 30 June 2022 was 2.5 cents. This compares to a basic loss of 4.2 cents per share for the previous year.

8. SIGNIFICANT CHANGES IN THE COMPANY'S AFFAIRS

All significant changes in the state of affairs of the Group during the financial year are discussed as detailed above under Corporate and below under Events Subsequent To Reporting Date sections of the Directors' Report.

9. EVENTS SUBSEQUENT TO REPORTING DATE

Except for the transactions noted below, no material transactions have occurred since 30 June 2022 and the date of the approval of the consolidated financial statements which the Directors consider require disclosure.

- on 16 August 2022, the Company reported that the minimum subscription of $8 million associated with the renounceable pro rata rights issue that was announced on 23 May 2022 had not been achieved. As a result, the issue did not proceed and all monies received were refunded to eligible shareholders.
- on 18 August 2022, the Company announced that it had entered into a $10 million convertible note facility with its largest shareholder M8H. Key terms of the convertible note loan facility are as follows:
  - facility amount - up to $10 million
  - 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 - 2nd ranking security over all M8S assets, subject to shareholder approval and other necessary consents being obtained

9. EVENTS SUBSEQUENT TO REPORTING DATE (continued)

- arrangement fee - 3% of the facility amount payable in cash upon first drawdown

- following the execution of the convertible note facility, the M8H $4 million loan has ceased. The amount drawn down on the loan has been transferred to the convertible note facility.
- 25% deferral of director fees and executive salaries was extended from 1 July 2022 to the commencement date of operational activities at Gingin landfill facility.
- In August 2022, the employment contracts for Messrs Tomasz Rudas and Vijay Joshi were extended by 7 months to 31 March 2023 on the same terms and conditions.
- On 30 September 2022, the Company received a firm commitment from Adroit Capital Group ESG Pty Ltd, a professional investor, to raise $500,000 through a placement of 71,428,521 fully paid ordinary shares in the Company (Placement Shares). The Placement Shares will be issued at a price of $0.007 each under the Company's available placement capacity pursuant to ASX Listing Rule 7.1.

10. REMUNERATION REPORT – Audited

The Remuneration Report contains the following sections:

10.1 Directors and Executive Key Management Personnel (KMPs) Covered in this Report
10.2 Remuneration Governance
10.3 Use of Remuneration Consultants
10.4 Overview of Company Performance
10.5 Executive Remuneration Strategy and Framework
10.6 FY22 Performance Incentive Outcomes for Executives
10.7 FY22 and FY21 Executive Remuneration Paid and Accrued
10.8 Service Contracts – Executives
10.9 Non-Executive Directors' Remuneration
10.10 Other – KMP Disclosures

10.1 Directors and Executive KMPs Covered in this Report

KMPs are the persons who have authority and responsibility for planning, directing and controlling the activities of the Company and the Group. The following were KMPs of the Group at any time during the reporting period and unless otherwise indicated were KMPs for the entire period:

Name	Position
Directors	
Mark Puzey	Non-Executive Chairman
Tomasz Rudas	Managing Director (MD)
Saithsiri Saksitthisereekul	Non-Executive Director
Stephen Hyams	Non-Executive Director (resigned 23 November 2021)
Jonathan Fisher	Non-Executive Director (appointed 4 October 2021; resigned 3 December 2021)
Other executive KMPs	
Vijay Joshi	Chief Financial Officer (CFO)

10.2 Remuneration Governance

In June 2020, the Company established a separate Remuneration Committee with a formal charter. However, following the resignations of Messrs McKinnon and Allen in October 2020 it was determined that the role and responsibilities of the Remuneration Committee be fulfilled by the full Board in light of the relatively small size of the board and the number of independent directors.

The formal charter that was established for the Remuneration Committee still provides the guiding principles for determining remuneration matters.

The Corporate Governance Plan and the Remuneration Committee Charter can be viewed on the Group's website under the tab – Investors, Corporate Governance.

10.3 Use of Remuneration Consultants

During the reporting year, Steinepreis Paganin, the Company's legal advisor, and external remuneration consultants, BDO Remuneration and Reward (BDO), provided the Company with advice in relation to the establishment of an executive share incentive plan as well as clarifying aspects of the employment contracts for certain executives. The Company's Executive Securities Plan was approved by shareholders at the 2021 Annual General Meeting. Both BDO and the Board are satisfied the advice received from BDO is free from undue influence from the KMP to whom the remuneration recommendations apply. The remuneration recommendations were provided to the Board as an input into decision making only. An amount of $10,725 was paid to BDO for the remuneration and reward plan and the employment contract advice.

10.4 Overview of Company Performance

The table below sets out information about the Group's earnings and movements in share price since listing on the ASX and includes the current financial year.

	2022	**2021**	**2020**	**2019**
Loss after income tax ($)	11,371,650	10,464,942	13,794,138	7,230,316
Share price at financial year end ($)	0.007	0.02	0.09	N/A

10.5 Executive Remuneration Strategy and Framework

The objective of the Company's executive remuneration framework is to ensure that remuneration for performance is competitive and appropriate for the results delivered. The framework aligns executive remuneration with achievement of strategic objectives and the creation of value for shareholders and conforms to market practice for delivery of reward.

The Board ensures that executive remuneration satisfies the following key criteria for good reward governance practices:

- competitive and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency

The Company is still in the process of developing a more comprehensive remuneration framework that will be market competitive and complementary to the reward strategy of the organisation. In doing so, it will reference to the company performance that will encourage long-term growth.

The proposed framework will provide a mix of fixed and variable pay, and a blend of short and long-term incentives. As executives gain seniority within the Group, the balance of this mix will shift to a higher proportion of 'at risk' rewards.

In the prior period, executive remuneration contained a Performance Incentive Remuneration (PIR) element which comprised Performance Rights that were issued by the Company on 4 December 2019. During the reporting period, the balance of Performance Rights were forfeited as the requisite benchmarks were not achieved within the stipulated time frame (refer to section 10.10). Currently the Company does not have any PIR element within executive remuneration.

The Company's remuneration policy is to position FAR at the 50th percentile of the market data and a benchmarking review is planned for FY23 to ensure the KMPs are appropriately remunerated.

Payment of 25% of executives' salaries was deferred from December 2021 until 30 June 2022. This measure was implemented to assist the Company's cash flow position as it focused on completion of the Gingin landfill project.

10.6 FY22 Performance Incentive Outcomes for Executives

As mentioned previously in this report, the PIR component of executive remuneration no longer exists following the lapsing/forfeiture of the performance rights in FY22. During the reporting period, the Company established an Employees Securities Incentive Plan (ESIP) which was approved by shareholders at the 2021 annual general meeting. In FY23 the Company is planning to liaise with external remuneration consultants to develop a more comprehensive PIR mechanism for Executives within the ESIP framework.

A summary of the key terms of the ESIP is as follows:

- eligible participants are any non-employee director: any full or part-time employee of the Group; any person providing services to the Group
- the Company may, at the absolute discretion of the board, offer or issue options, performance rights or shares to eligible participants
- subject to the Listing Rules and Company's constitution and provided no amendment to the ESIP materially reduces the rights of the participants as they existed before the date of the amendment, the directors may from to time amend any provisions of the ESIP rules.

Messrs Rudas and Joshi were each issued with 2,000,000 fully paid ordinary shares pursuant to the ESIP as part of remuneration for services rendered to the Company. There were no performance conditions associated with the granting of the shares as they align the interests of Messrs Rudas and Joshi with those of the shareholders and are considered an appropriate method to provide cost effective remuneration.

A copy of the ESIP rules can be viewed on the Company's website www.m8sustainable.com.au under the tab – Investor, Corporate Governance.

10.7 FY22 and FY21 Executive Remuneration Paid and Accrued

Details of Executive Remuneration for the year ended 30 June 2022 and 2021 are set out below:

		Short-term Benefits			Post-employment benefits	Long-term benefits	Share-based payment		Performance related benefit
		Salary and fees	Bonus	Non-monetary benefits[1]	Super-annuation[2]	Leave[3]	Performance Rights [4]	Total	
		$	$	$	$	$	$	$	%
Executive Director									
Tomasz Rudas – Managing Director	2022	259,615	-	4,400	24,765	19,230	79,245	387,255	-
	2021	246,406	-	2,850	23,523	15,001	(87,385)	200,395	-
Other Executive KMP									
Vijay Joshi – Chief Financial Officer	2022	207,692	-	8,755	20,769	15,385	79,245	331,846	-
	2021	193,077	-	19,222	19,304	28,819	(59,713)	200,709	-
Total	**2022**	**467,307**	**-**	**13,155**	**45,534**	**34,615**	**158,490**	**719,101**	
	2021	**439,483**	**-**	**22,072**	**42,827**	**43,820**	**(147,098)**	**401,104**	

1 Other and non-monetary benefits include fringe benefits tax relating to fully maintained Company motor vehicles.

2 Superannuation includes the values paid and accrued relating to salary.

3 Represents the value of leave earned during the year.

4 In November 2019, upon listing of the Company, 6 classes (A to F) of performance rights (details of which are set out in section 10.10) were issued to the then directors and executives of the Company. Of the 6 classes of performance rights, classes A, C and E were forfeited in 2020/21 financial year as the requisite benchmarks were not achieved within the stipulated timeframe. During the 2021/22 financial year, classes B, D and F, were forfeited as the timeframe for the requisite benchmarks had expired and the benchmarks were not achieved. During the current reporting period, Messrs Rudas and Joshi were each issued with 2,000,000 fully paid ordinary shares as part of remuneration for services rendered to the Company. There were no performance conditions associated with the granting of the shares as they align the interests of Messrs Rudas and Joshi with those of the shareholders and are considered an appropriate method to provide cost effective remuneration. The Company has also accrued $37,245 each for Messrs Rudas and Joshi for FBT and individual tax.

Note:

(a) premiums in respect of the Directors and Officers insurance policy are not included above, as the policy does not specify the premium paid in respect of individual Directors and Officers

(b) a deferment of executive salaries of 25% was put in place from December 2021 to 30 June 2022. This measure was implemented to assist the Company's cash flow position as it focused on completion of the Gingin landfill project. Included in the executive remuneration table above are $39,663 and $31,731, which are deferred for Messrs Rudas and Joshi, respectively.

10.8 Service Contracts – Executives

Remuneration and other forms of employment for the MD and CFO are formalised in service contracts. Each of these contracts also provides for performance related incentives and other benefits. Other major provisions of the contracts relating to remuneration are set out below.

All contracts with Executives may be terminated without cause early by either party providing notice, subject to termination payments detailed below:

Name	Contract Term	Employee notice period	Employer notice period	Base salary [2]	Termination benefit [3]
Tomasz Rudas	5 years [1]	N/A	6 months	$250,000	$137,000
Vijay Joshi	5 years [1]	N/A	6 months	$200,000	$110,000

[1] These contracts commenced on 1 September 2017 for a term of 5 years and may be extended by the Company for a further 5 years by giving notice at any time during a 2-year period prior to the expiry of the initial 5-year term. In August 2022, the employment contracts for Messrs Tomasz Rudas and Vijay Joshi were extended by 7 months to 31 March 2023 on the same terms and conditions.

[2] Base salaries (including FAR) are quoted for the year ended 30 June 2022. They are reviewed annually by the Board and exclude superannuation.

[3] Termination benefits are payable on early termination by the Group, other than for gross misconduct. Unless otherwise indicated they are equal to base salary (including FAR rights and superannuation) for the notice period.

10.9 Non-Executive Directors' Remuneration

On appointment to the Board, all Non-Executive Directors enter into a service contract with the Group in the form of a letter of appointment. The contract summarises the Board's policies and terms, including compensation relevant to the Director.

Fees and payments to Non-Executive Directors reflect the demands which are made on, and the responsibilities of, the Directors. Non-Executive Directors' fees and payments are reviewed annually by the Board.

The Company's remuneration policy is to position annual remuneration at the 50th percentile of the market data. For the year ended 30 June 2022, fees, which include committee fees (if any) and superannuation contributions required under the Australian superannuation guarantee legislation, were as follows:

- $150,000 per annum for the Non-Executive Chairman; and
- $75,000 per annum for Non-Executive Directors, except for:
  - Mr Hyams who was entitled to a fee of $60,000 per annum plus a yearly allocation of 750,000 fully paid ordinary shares in the Company including tax expenses associated with the share allocation. During the reporting period Mr Hyams was issued with 750,000 fully paid ordinary shares in the Company following approval given by shareholders at the Company's annual general meeting held on 24 November 2021. Mr Hyams resigned on 23 November 2021.
  - Mr Fisher who was entitled to a fee of $68,493 plus superannuation entitlements. Mr Fisher resigned on 3 December 2021.

Non-Executive Directors' fees are determined within an aggregate directors' fee pool limit, which is periodically recommended for approval by shareholders. The maximum currently stands at $500,000 per annum and was approved by shareholders at a General Meeting held on 26 November 2019.

Payment of 25% of director fees was deferred from December 2021 until 30 June 2022. This measure was implemented to assist the Company's cash flow position as it focused on completion of the Gingin landfill project.

10.9 Non-Executive Directors' Remuneration (continued)

Details of Non-Executive Directors' remuneration for the years ended 30 June 2022 and 2021 are set out below:

		Short-term benefits		Post - employment benefits	Share-based payment			Performance related benefit
		Fees $	Consultancy Fees[1] $	Superannuation[2] $	Rights[3] $	Shares $	Total $	%
Non-Executive Directors								
Mark Puzey – Chairman	2022	141,656	-	14,166	-	-	155,822	-
	2021	109,213	-	10,375	(17,477)	-	102,111	-
Saithsiri Saksitthisereekul	2022	77,885	-	-	-	-	77,885	-
	2021	72,404	-	-	(17,477)	-	54,927	-
Steve Hyams (resigned 23 November 2021) [4]	2022	24,565	105,000	2,456	-	29,717	161,738	-
	2021	33,118	120,000	3,146	-	41,098	197,362	-
Jonathan Fisher (appointed 4 October 2021; resigned 3 December 2021)	2022	11,855	-	1,185	-	-	13,040	-
	2021	-	-	-	-	-	-	-
Total	**2022**	**255,961**	**105,000**	**17,807**	**-**	**29,717**	**408,485**	
	2021	**214,735**	**120,000**	**13,521**	**(34,954)**	**41,098**	**354,400**	

[1] Mr Hyams entered into a consultancy agreement with the Company in November 2020. The key terms of the agreement were as follows:

- consultancy fee of $15,000 (excluding GST) per month.
- the payment of a cash or non-cash performance-based bonus based on the achievement of key performance indicators as determined by the Company from time to time.
- The termination provisions of the consultancy agreement between the Company and Mr Hyams were:
  - the Company may terminate the agreement within the first year by giving the greater of four months and the number of months which remain in the first year, notice to Mr Hyams. After the first year the notice period shall be four months.
  - Mr Hyams may terminate the agreement within the first year by giving the greater of 4 months and the number of months which remain in the first year, notice to the Company. After the first year the notice period shall be four months.

[2] Superannuation contributions are made on behalf of Non-Executive Directors to satisfy the Group's obligations under applicable superannuation guarantee legislation. Directors' fees are inclusive of superannuation contributions.

[3] In November 2019, upon listing of the Company, 6 classes (A to F) of performance rights (details of which are set out in section 10.10) were issued to the then directors and executives of the Company. Of the 6 classes of performance rights, classes A, C and E were forfeited in 2020/21 financial year as the requisite benchmarks were not achieved within the stipulated timeframe. During the 2021/22 financial year, classes B, D and F, were forfeited as the timeframe for the requisite benchmarks had expired and the benchmarks were not achieved.

[4] Pursuant to his appointment terms, Mr Hyams was entitled to a yearly allocation of 750,000 fully paid ordinary share in the Company, subject to shareholder approval, including tax expenses associated with the share allocation. This entitlement was a retention mechanism and had no associated performance obligations. During the current reporting period, Mr Hyams was issued with 750,000 fully paid ordinary shares which were approved by shareholders at the 2021 annual general meeting.

10.10 Other – KMP Disclosures

KMP – Option Holdings

No KMPs held any options for the financial year ended 30 June 2022.

KMP – Shareholdings

The movement during the financial year ended 30 June 2022 in the number of ordinary shares in the Company held directly, indirectly or beneficially, by each KMP, including their related parties, is as follows:

Name	Held at 1 July 2021	Purchases[2]	Rights Issue Take Up	Sales/ Trans- ferred	Allotment	Held at Resignation/ Retirement	Held at 30 June 2022
Mark Puzey	525,000	450,000	525,000	-	-	-	1,500,000
Tomasz Rudas	2	-	-	-	2,000,000 [3]	-	2,000,002
Saithsiri Saksitthisereekul [1]	83,215,038	-	83,215,038	-	-	-	166,430,076
Steve Hyams (resigned 23 November 2021) [4]	-	-	-	-	750,000 [4]	750,00	Not applicable
Jonathan Fisher (appointed 4 October 2021; resigned [3] December 2021)	Not applicable	-	-	-	-	-	Not applicable
Vijay Joshi	124,000	-	124,000	-	2,000,000 [5]	-	2,248,000

[1] Mr Saksitthisereekul is the managing director and a shareholder of M8H which holds 166,430,076 ordinary shares in the Company; 23,857,039 shares held by M8H were escrowed until 11 December 2021.

[2] Purchased through open trading on the Australian Securities Exchange (ASX).

[3] Allotment of shares to Mr Rudas (or nominee) pursuant to the Employee Securities Incentive Plan and forms part of Mr Rudas' remuneration. The issue of shares was approved by shareholders at the 2021 Annual General Meeting.

[4] Allotment of shares to Mr Hyams pursuant to the terms of his appointment as a director and formed part of Mr Hyams' remuneration. The issue of shares was approved by shareholders at the 2021 Annual General Meeting.

[5] Allotment of shares to Mr Joshi (or nominee) pursuant to Employee Securities Incentive Plan and forms part of Mr Joshi's remuneration.

10.10 Other – KMP Disclosures (continued)

KMPs – Rights Holdings

Name	Held at 1 July 2021	Shares Allotted	Held at Resignation/ Retirement	Rights Forfeited/ Lapsed[1]	Held at 30 June 2022
Tomasz Rudas	1,500,000	-	-	(1,500,000)	-
Mark Puzey	300,000	-	-	(300,000)	Nil
Saithsiri Saksitthisereekul	300,000	-	-	(300,000)	Nil
Stephen Hyams [2]	7,500,000	-	-	(6,750,000)	Not applicable
Vijay Joshi	1,025,000	-	-	(1,025,000)	-

[1] In November 2019, upon listing of the Company, 6 classes (A to F) of performance rights (details of which are set out in section 10.10) were issued to the then directors and executives of the Company. Of the 6 classes of performance rights, classes A, C and E were forfeited in 2020/21 financial year as the requisite benchmarks were not achieved within the stipulated timeframe. During the 2021/22 financial year, classes B, D and F, were forfeited as the timeframe for the requisite benchmarks had expired and the benchmarks were not achieved.

[2] Pursuant to his appointment terms, Mr Hyams was entitled to a yearly allocation of 750,000 fully paid ordinary shares in the Company, subject to shareholder approval, including tax expenses associated with the share allocation. The number of shares was calculated on an anticipated director's tenure of 10 years. This entitlement was a retention mechanism and had no associated performance obligations. Mr Hyams resigned on 23 November 2021 and as a consequence any rights to unissued shares were forfeited.

KMPs – Rights/Shares

Name	Grant date [1]	No. of rights granted	Fair value per right at date of grant ($) [2]	Vested %	FY 22 No. of shares vested	FY 22 Forfeited/ Lapsed [4] %	No. of shares granted [5]	Held at 30 June 2022
Directors								
Tomasz Rudas	26.11.2019	3,000,000	0.20	-	-	100	-	-
Mark Puzey	26.11.2019	600,000	0.20	-	-	100	-	-
Saithsiri Saksitthisereekul	26.11.2019	600,000	0.20	-	-	100	-	-
Stephen Hyams [3]	Not applicable	7,500,000	0.02	10	750,000	90	-	Not applicable
Tomasz Rudas	24.11.2021	-	0.02	-	-	-	2,000,000	2,000,000
Executive KMP								
Vijay Joshi	04.12.2019	2,050,000	0.20	-	-	100	-	-
Vijay Joshi	24.11.2021	-	0.02	-	-	-	2,000,000	2,000,000

1 The grant of Rights to directors was approved by shareholders at the general meeting held on 26 November 2019. The Rights to Executive KMPs were allotted on 4 December 2019 prior to the Company's listing on the ASX.

2 The grant and allotment of Rights occurred prior to the Company's listing on the ASX on 11 December 2019. The estimated fair value of each right at date of issue was $0.20. The Company's share price on listing was $0.20.

3 Pursuant to his appointment terms, Mr Hyams was entitled to a yearly allocation of 750,000 fully paid ordinary share in the Company, subject to shareholder approval, including tax expenses associated with the share allocation. The number of shares was calculated on an anticipated director's tenure of 10 years. This entitlement was a retention mechanism and had no associated performance obligations. Mr Hyams resigned on 23 November 2021 and consequently any rights to unissued shares were forfeited. During the current reporting period, Mr Hyams was issued with 750,000 fully paid ordinary shares which was approved by shareholders at the 2021 annual general meeting.

4 In November 2019, upon listing of the Company, 6 classes (A to F) of performance rights (details of which are set out in this section 10.10) were issued to the then directors and executives of the Company. Of the 6 classes of performance rights, classes A, C and E were forfeited in 2020/21 financial year as the requisite benchmarks were not achieved within the stipulated timeframe. During the 2021/22 financial year, classes B, D and F, were forfeited as the timeframe for the requisite benchmarks had expired and the benchmarks were not achieved.

5 During the current reporting period, pursuant to the Company's Employee Securities Incentive Plan, Messrs Rudas and Joshi (or their nominee) were each issued with 2,000,000 fully paid ordinary shares on 24 November 2021 with a fair value of $0.02.

Each KMP received an equal proportion of their total right between the six classes which are detailed below. The milestones that are required to be achieved for each Performance Right in the relevant class to be converted into one share at the election of the KMP for no consideration are as follows:

Class A Performance Rights: Performance Rights will convert into Shares upon the Company achieving, in relation to its existing business and assets at the date the Company is admitted to the Official List of ASX (Listing Date), an operating revenue of at least $20,000,000 in the first 12 months following issue. These performance milestones have not been achieved and therefore, the performance rights have expired during the 2020/21 financial year.

Class B Performance Rights: Performance Rights will convert into Shares upon the Company achieving, in relation to its existing business and assets at the Listing Date, an operating revenue of at least $40,000,000 in the period commencing on the date which is 12 months following issue and ending on the date which is 24 months following issue. These performance milestones have not been achieved and therefore, the performance rights have expired during the 2021/22 financial year.

KMPs – Rights/Shares (continued)

Class C Performance Rights: Performance Rights will convert into Shares upon the Company achieving, in relation to its existing business and assets at the Listing Date, earnings before interest, tax, depreciation and amortisation of at least $5,000,000 in the first 12 months following issue. These performance milestones have not been achieved and therefore, the performance rights have expired during the 2020/21 financial year.

Class D Performance Rights: Performance Rights will convert into Shares upon the Company achieving, in relation to its existing business and assets at the Listing Date, earnings before interest, tax, depreciation and amortisation of at least $12,500,000 in the period commencing on the date which is 12 months following issue and ending on the date which is 24 months following issue. These performance milestones have not been achieved and therefore, the performance rights have expired during the 2021/22 financial year.

Class E Performance Rights: Performance Rights will convert into Shares upon the Maddington Facility operating at an annual rate of 210,000 tonnes and/or m3 in the first 12 months following issue. These performance milestones have not been achieved and therefore, the performance rights have expired during the 2020/21 financial year.

Class F Performance Rights: Performance Rights will convert into Shares upon the Gingin Facility being fully licensed and operational in the first 24 months following issue. These performance milestones have not been achieved and therefore, the performance rights have expired during the 2021/22 financial year.

The profitable growth of the Group and the development of the Gingin landfill facility were identified as key performance measures to enhance shareholder value.

Loans to KMPs

No KMP was provided with a loan by the Company for the year ended 30 June 2022.

End of the Remuneration Report – Audited

11. ENVIRONMENTAL REGULATIONS AND PERFORMANCE

The Group's operations are subject to environmental regulations under Western Australian law. The Group has procedures in place to ensure regulations are adhered to. As at the date of this report the Group is not aware of any breaches in relation to environmental matters.

12. PROCEEDINGS ON BEHALF OF THE GROUP

No proceedings have been brought on behalf of the Group nor has any application been made in respect of the Group under Section 236 of the Corporations Act 2001.

13. SHARES OPTIONS

As at the date of this report, the Company has the following unlisted options on issue:

- On 4 December 2019, the Company issued 20,000,000 options to acquire fully paid ordinary shares in the Company to Canaccord Genuity (Australia) Limited pursuant to the prospectus dated 30 October 2019. The options have an exercise price of $0.25 with an expiry date of 4 December 2022.
- On 2 August 2021, the Company issued 10,000,000 options to acquire fully paid ordinary shares in the Company to Canaccord Genuity (Australia) Limited pursuant to the prospectus dated 25 June 2021. The options have an exercise price of $0.04 with an expiry date of 2 August 2024.

14. INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The Company has indemnified all directors of the Company to the maximum extent of the law for liabilities and costs incurred, in their capacity as a director, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to insure the directors of the Company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of liability and the amount of the premium.

15. CORPORATE GOVERNANCE

The Statement of Corporate Governance Practices is disclosed on the Company's website https://m8sustainable.com.au/ under the tab Investors – Corporate Governance.

16. COMPANY SECRETARY

Mr. John Colli was appointed to the position of Company Secretary on 10 December 2018. Mr Colli has over 32 years' experience in secretarial activities of ASX listed companies including being the former company secretary of Coventry Group Ltd (ASX: CYG) for 17 years and 12 years with the former ASX listed company Challenge Bank Limited.

17. AUDITOR'S INDEMNIFICATION

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

18. NON-AUDIT SERVICES

Details of the amounts paid or payable to the external auditor of the Group, Ernst & Young, for audit and non-audit services provided during the year are disclosed in Note 26 to the Financial Statements.

The Directors are satisfied that the provision of non-audit services by the external auditor during the financial year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved by the Board to ensure that they do not impact the integrity and objectivity of the auditor.
- all non-audit services were subject to the corporate governance processes adopted by the Group and have been reviewed to ensure that they do not affect the integrity or objectivity of the auditor.

19. AUDITOR'S INDEPENDENCE DECLARATION

A copy of the Auditor's independence Declaration as required under section 307C of the Corporations Act 2001 is included on page 29 of this financial report.

Signed in accordance with a resolution of the Directors.

Tomasz Rudas
Managing Director

Dated this 30th day of September 2022

Perth
Western Australia

DIRECTORS' DECLARATION

The Directors of the Company declare that:

1. In the Directors' opinion, the attached consolidated financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position of the Group as at 30 June 2022 and performance of the Group for the financial year ended 30 June 2022;

2. In the Directors' opinion, subject to the matters detailed in Note 2(a)(ii), there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

3. The financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 2(a)(i).

This declaration has been made after receiving the declarations required to be made to the directors by the chief executive officer and chief financial officer in accordance with section 295A of the Corporations Act 2001 for the financial year ended 30 June 2022.

This declaration is made in accordance with a resolution of the Directors.

Tomasz Rudas
Managing Director

Dated this 30th day of September 2022

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Western Australia

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Independent auditor's report to the members of M8 Sustainable Limited

Report on the audit of the consolidated financial report

Opinion

We have audited the financial report of M8 Sustainable Limited (the Company) and its subsidiary (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying consolidated financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the consolidated financial position of the Group as at 30 June 2022 and of its consolidated financial performance for the year ended on that date; and

b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 2(a)(ii) in the financial report, which describes the principal conditions that raise doubt about the Group's ability to continue as a going concern. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matter described below to be the key audit matter to be communicated in our report. For the matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying financial report.

Impairment of non-financial assets

Why significant	How our audit addressed the key audit matter
As required by Australian Accounting Standards, the Group assesses at the end of each reporting period whether there are any factors indicating that an asset may be impaired. If an impairment indicator exists, the Group must estimate the recoverable amount of the asset or cash generating unit (CGU) to which it relates. At 31 December 2021 (the half year reporting date), the Group concluded there were impairment indicators present for the Maddington CGU and impairment testing was undertaken. An impairment expense of $2,512,780 was recognised for this CGU. At 30 June 2022, the Group concluded that indicators of impairment remained present for the Maddington CGU and impairment testing was undertaken. A further impairment expense of $2,565,166 was recognised at 30 June 2022 for this CGU.	Our audit procedures included the following: ▸ Assessed the Group's identification of CGUs and of indicators of impairment in accordance with the requirements of accounting standards ▸ Assessed the carrying value of assets assigned to each CGU by the Group ▸ In conjunction with our valuation specialists, examined the Group's impairment model which calculated the value in use for the Maddington CGU and tested the reasonableness of key assumptions including cash flow forecasts considering the accuracy of previous forecasts, forecast capital expenditure, revenue growth and the discount rate applied ▸ Tested the mathematical accuracy of the impairment model for the Maddington CGU and compared relevant data to supporting documentation ▸ Recalculated the impairment recognised as the difference between the value in use of the CGU and the net assets of the CGU

This was considered a key audit matter as the impairment testing process is highly judgmental and is based on assumptions which are impacted by expected future performance and market conditions. The recoverable amount of the Maddington CGU is also sensitive to changes in the key assumptions, judgements and estimates used.

Note 9 provides details of the impairment assessment including key assumptions, judgements and estimates applied.

- Assessed the adequacy of the Group's disclosures in respect of asset carrying values, the impairment testing performed and the impairment recognised.

Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's 2022 annual report other than the financial report and our auditor's report thereon. We obtained the directors' report that is to be included in the annual report, prior to the date of this auditor's report, and we expect to obtain the remaining sections of the annual report after the date of this auditor's report.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

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Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of M8 Sustainable Limited for the year ended 30 June 2022, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Group are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Ernst & Young

Ernst & Young

Pierre Dreyer
Partner
Perth
30 September 2022

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Auditor's independence declaration to the directors of M8 Sustainable Limited

As lead auditor for the audit of the financial report of M8 Sustainable Limited for the financial year ended 30 June 2022, I declare to the best of my knowledge and belief, there have been:

a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit;

b. No contraventions of any applicable code of professional conduct in relation to the audit; and

c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the audit.

This declaration is in respect of M8 Sustainable Limited and the entity it controlled during the financial year.

Ernst & Young

Ernst & Young

Pierre Dreyer
Partner
30 September 2022

Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the year ended 30 June 2022

	Notes	Year ended 30 June 2022 $	Year ended 30 June 2021 $
Revenue	3	9,181,720	8,041,048
Interest income		50,863	28,996
Other income	3	210,677	927,618
Total income		**9,443,260**	**8,997,662**
Employee benefits, salaries and wages	4	(2,644,020)	(2,364,227)
Recycling, waste disposal and other site costs	5	(7,486,198)	(6,233,881)
Rental outgoings and licence fees		(447,260)	(390,579)
Insurance costs		(350,998)	(343,533)
Professional fees		(508,368)	(444,484)
Other expenses	6	(1,528,358)	(816,503)
Depreciation	7	(1,593,053)	(1,341,816)
Finance costs	8	(1,104,037)	(545,828)
Share in loss of joint venture		(74,672)	-
Impairment of assets	9	(5,077,946)	(6,981,753)
Loss before income tax		**(11,371,650)**	**(10,464,942)**
Income tax benefit	10	-	-
Loss after income tax		**(11,371,650)**	**(10,464,942)**
Other comprehensive income		**-**	**-**
Total comprehensive loss for the year		**(11,371,650)**	**(10,464,942)**
Earnings per share:			
Basic and diluted loss per share attributable to ordinary equity holders of the parent (cents per share)	11	(2.5)	(4.2)

The accompanying notes form part of and should be read in conjunction with these consolidated financial statements.

M8 Sustainable Limited and its Controlled Entity

Consolidated Statement of Financial Position

as at 30 June 2022

	Notes	30 June 2022 $	30 June 2021 $
CURRENT ASSETS			
Cash and cash equivalents	12	11,596	1,815,095
Trade and other receivables	13	487,008	1,653,655
Prepayments		269,897	249,727
Inventory	14	-	388,568
Total Current Assets		**768,501**	**4,107,045**
NON-CURRENT ASSETS			
Investment in joint venture	15	276,328	-
Property, plant and equipment	16	30,049,717	20,829,518
Other non-current assets	17	3,906,500	3,906,500
Right-of-use assets	18	-	3,428,024
Total Non-current Assets		**34,232,545**	**28,164,042**
TOTAL ASSETS		**35,001,046**	**32,271,087**
CURRENT LIABILITIES			
Trade and other payables	19	9,391,746	1,512,254
Borrowings	20	10,780,018	1,086,174
Lease liabilities	21	683,086	871,674
Provisions	22	173,713	107,068
Total Current Liabilities		**21,028,563**	**3,577,170**
NON-CURRENT LIABILITIES			
Borrowings	20	2,841,580	10,518,497
Lease liabilities	21	8,011,877	8,196,251
Total Non-current Liabilities		**10,853,457**	**18,714,748**
TOTAL LIABILITIES		**31,882,020**	**22,291,918**
NET ASSETS		**3,119,026**	**9,979,169**
EQUITY			
Share capital	23	46,513,006	41,991,364
Shared-based payment reserve	23	1,246,264	1,256,399
Accumulated losses		(44,640,244)	(33,268,594)
TOTAL EQUITY		**3,119,026**	**9,979,169**

The accompanying notes form part of and should be read in conjunction with these consolidated financial statements.

Consolidated Statement of Changes in Equity

for the year ended 30 June 2022

	Issued capital $	Share-based payment reserve $	Accumulated losses $	Total equity $
Balance as at 1 July 2020	**41,991,364**	**1,519,285**	**(22,803,652)**	**20,706,997**
Loss after tax	-	-	(10,464,942)	(10,464,942)
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive loss for the year	**-**	**-**	**(10,464,942)**	**(10,464,942)**
Share-based payments	-	(262,886)	-	(262,886)
	-	**(262,886)**	**-**	**(262,886)**
Balance as at 30 June 2021	**41,991,364**	**1,256,399**	**(33,268,594)**	**9,979,169**
Balance as at 1 July 2021	**41,991,364**	**1,256,399**	**(33,268,594)**	**9,979,169**
Loss after tax	-	-	(11,371,650)	(11,371,650)
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive loss for the year	**-**	**-**	**(11,371,650)**	**(11,371,650)**
Shares issued – rights issue	4,664,596	-	-	4,664,596
Shares issued to KMPs	99,750	-	-	99,750
Shares issued to underwriters of rights issue	80,000	-	-	80,000
Shares issued to employees	42,000	-	-	42,000
Capital raising costs	(364,704)	-	-	(364,704)
Share-based payments	-	(10,135)	-	(10,135)
	4,521,642	**(10,135)**	**-**	**4,511,507**
Balance as at 30 June 2022	**46,513,006**	**1,246,264**	**(44,640,244)**	**3,119,026**

The accompanying notes form part of and should be read in conjunction with these consolidated financial statements.

Consolidated Statement of Cash Flows

for the year ended 30 June 2022

	Notes	Year ended 30 June 2022 $	Year ended 30 June 2021 $
Cash flows from operating activities			
Loss after income tax		(11,371,650)	(10,464,942)
Adjustment for:			
Depreciation		1,593,053	1,341,816
Impairment of assets		5,077,946	6,981,753
Provision for expected credit losses		791,273	169,858
Gain on disposal of property, plant and equipment		(95,952)	(4,934)
Non-cash interest expense		701,752	48,802
Interest expense		393,966	378,279
Share of loss in joint venture		74,672	-
Shares issued to KMPs and employees		141,750	-
Share-based payment expense		(10,135)	(262,886)
Changes in assets and liabilities:			
Decrease/(increase) in trade and other receivables		375,375	(515,778)
(Increase)/decrease in prepayments		(20,170)	27,640
Decrease in advances to contractors		-	250,000
Decrease/(increase) in inventory		388,568	(388,568)
Increase in trade and other payables		857,854	432,765
Increase in provisions		66,644	5,146
Net cash used in operating activities		**(1,035,054)**	**(2,001,049)**
Cash flows from investing activities			
Purchase of property, plant and equipment		(5,147,595)	(7,020,742)
Loan to related party		-	(408,628)
Repayment of related party loan		-	408,628
Proceeds from sale of fixed assets		310,613	25,000
Payment for investment in joint venture		(195,000)	-
Short-term loans provided		-	(250,000)
Deposit for bank guarantee		-	(3,500,000)
Net cash used in investing activities		**(5,031,982)**	**(10,745,742)**
Cash flows from financing activities			
Proceeds from issue of shares		4,379,892	-
Proceeds from long-term loans net of transaction costs		-	10,485,094
Proceeds from short-term loans		364,875	355,581
Proceeds from mobile plant loan		-	1,057,708

Consolidated Statement of Cash Flows

for the year ended 30 June 2022 (continued)

	Notes	Year ended 30 June 2022 $	Year ended 30 June 2021 $
Cash flows from financing activities (continued)			
Proceeds from M8 Holding Limited loan		2,350,000	-
Repayment of short-term loans		(349,280)	(385,038)
Repayment of Remagen loan		(867,411)	-
Repayment of principal portion of lease liabilities		(1,034,938)	(514,760)
Repayment of mobile plant loan		(185,635)	(222,690)
Interest paid		(393,966)	(378,279)
Net cash generated from financing activities		**4,263,537**	**10,397,616**
Net decrease in cash and cash equivalents		**(1,803,499)**	**(2,349,175)**
Cash and cash equivalents at the beginning of the year		**1,815,095**	**4,164,270**
Cash and cash equivalents at the end of the financial year	12	**11,596**	**1,815,095**

The accompanying notes form part of and should be read in conjunction with these consolidated financial statements.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2022

Note 1 General Information

This financial report, which covers the consolidated financial statements of M8 Sustainable Limited ("M8S", the "Company" or the "Parent") and its controlled entity (collectively the "Group"), was authorised for issue in accordance with a resolution of the Directors on 30 September 2022.

M8S is a company limited by shares, incorporated and domiciled in Australia. Its registered office is 4C Consulting Pty Ltd, Unit 5, 145 Walcott Street, Mount Lawley WA 6050 and principal place of business is Unit 1, 48 Kelvin Road, Maddington WA 6109.

The principal activities of the Group during the reporting period were receiving and recycling of metals, commercial & industrial (C&I) and construction & demolition (C&D) waste and the establishment of a skip bin business at its Maddington Waste Facility. The skip bin business, Access Waste, commenced in September 2021.

The Company also provided operations and maintenance services to the Brockwaste recycling facility at Shenton Park which is owned by Star Shenton Energy Pty Ltd, a related party to the Company.

A key focus of the Company was the ongoing construction of the Gingin landfill facility.

Note 2 Basis of Preparation and Summary of Significant Accounting Policies

a) Basis of preparation

(i) Compliance statement

The consolidated financial statements are general purpose financial statements that have been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards and Interpretations of the Australian Accounting Standard Board and in compliance with International Financial Standards as issued by the International accounting Standards Board ("IFRS"). The Group is a for-profit entity for financial reporting purposes under the Australian Accounting Standards. Material accounting policies adopted in the preparations of the financial statements are presented below.

The consolidated financial statements have been prepared on a historical cost basis.

The accounting policies adopted by the Group are consistent with the prior year except for the impact of adopting new and amended Accounting Standards and Interpretations which were effective from 1 July 2021 (see below).

(ii) Going concern

For the year ended 30 June 2022, the Group recorded a net loss after tax of $11,371,650 (2021: $10,464,942) and had operating and investing cash outflows of $6,067,036 (2021: $12,746,791). As at 30 June 2022, the Group's cash and cash equivalents amounted to $11,596 (2021: $1,815,095), it had net current liabilities of $20,260,062 (2021: net current assets of $529,875) and had access to an undrawn debt facility of $1,650,000 (see note 28). In addition, the Group's cash flow forecasts for the 12 months ended September 2023 show that it will be required to raise additional equity or debt in order to fund working capital and debt repayment requirements.

The Group has implemented a number of measures to improve its liquidity with a view to improve future revenue and margins, as well as to lower costs. These initiatives include the following:

- on 2 August 2021, M8S successfully completed a 1 for 1 renounceable rights issue which raised $4,664,594
- in October 2021, M8S issued a letter to draw down on the M8H loan facility of $4 million; funds drawn down as at 30 June 2022 totalled $2,350,000 and have been used for current capital projects and to meet working capital requirements
- from December 2021 to 30 June 2022, the Group implemented a number of cost cutting and income generating measures which included the following:
  - the directors and executive management have taken a 25% deferment of their directors' fees and executive salaries
  - reduced C&D and C&I waste recycling activities at Maddington enabled the short-term hire of under-utilised mobile plant equipment to generate income
- on 23 May 2022, the Company announced a 21 for 10 renounceable rights issue to raise approximately $10 million with a minimum subscription of $8 million. On 16 August 2022, the Company reported that the minimum subscription of $8 million had not been achieved. As a result, the issue did not proceed and all monies received were refunded to eligible shareholders. However, on 18 August 2022, the Company announced that it had entered into a $10 million convertible note facility with its largest shareholder, M8H. This facility, which carries an interest rate of 10% per annum, will be repayable 36 months after first drawdown (unless converted into shares or repaid earlier). Early repayment of the facility is at the Company's option. See Note 33 for further details of this convertible note facility.

Notes to the Consolidated Financial Statements

Note 2 Basis of Preparation and Summary of Significant Accounting Policies (continued)

a) Basis of preparation (continued)

- agreed deferred payment terms for the $6,993,082 due to SBANG Australia until practical completion of the Gingin landfill facility
- the directors regularly review the Group's liquidity and capital requirements.

The directors have reviewed the Group's cash flow projections which cover a period of not less than twelve months from the date of approval of these consolidated financial statements. The directors believe that the Group will need additional access to debt and equity funding in order to meet working capital and debt repayment requirements. The directors are confident in their ability to access this funding within the timeframes required and accordingly, the directors consider that it is appropriate to prepare the Group's consolidated financial statements on a going concern basis.

Notwithstanding the above, there remains material uncertainty as to whether the Group can raise sufficient funding as outlined above which may cast doubt about the Group's ability to continue as a going concern and, therefore, whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the consolidated financial statements.

The consolidated financial statements do not include any adjustments relating to the recoverability and classification of the Group's assets or to the amounts and classification of liabilities which might be necessary should the Group not continue as a going concern.

(iii) New and amended accounting standards and interpretations adopted

The Group has adopted all new or amended standards and interpretations effective from 1 July 2021. The adoption of these new and amended accounting standards and interpretations did not result in any significant changes to the Group's accounting policies.

(iv) Comparatives

When required by Australian Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year. Certain comparative financial information presented in the statement of comprehensive income has been reclassified in this financial report to improve presentation of information. The reclassification results in no net change to the loss for the comparative period.

(iv) New and amended accounting standards and interpretations not yet effective and not adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective for entities preparing financial statements for the year ended 30 June 2022 have not been adopted by the Group. The Group has considered the impact of the below and does not expect them to have a material impact on the financial statements upon adoption.

New and amended accounting standards	Effective date
AASB 2020-1 *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current*	1 January 2022
AASB 2020-3 *Amendments to Australian Accounting Standards – Annual Improvements 2018–2020 and Other Amendment*s	1 January 2022
► Amendments to AASB 3, *Reference to the Conceptual Framework*	
► Amendment to AASB 9, *Fees in the '10 per cent' Test for Derecognition of Financial Liabilities*	
► Amendments to AASB 116, *Property, Plant and Equipment: Proceeds before Intended Use*	
► Amendments to AASB 137, *Onerous Contracts—Cost of Fulfilling a Contract*	
► Amendment to AASB 141, *Taxation in Fair Value Measurements*	
AASB 2014-10 *Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	1 January 2022
AASB 2021-2 *Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates*	1 January 2023
► Amendments to AASB 7, AASB 101, AASB 134 and AASB Practice Statement 2	
► Amendments to AASB 108	
AASB 2021-5 *Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction*	1 January 2023

Note 2 Basis of Preparation and Summary of Significant Accounting Policies (continued)

b) Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Parent and its controlled entity as at 30 June each year. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the controlled entity and has the ability to affect those returns through its power over the investee. The Group's controlled entity has a reporting date of 30 June.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Amounts reported in the financial statements of the controlled entity have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

The Group re-assesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a controlled entity begins when the Group obtains control over the controlled entity and ceases when the Group loses control of the controlled entity. Assets, liabilities, income and expenses of a controlled entity acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the controlled entity.

c) Business Combinations

The Group applies the acquisition method in accounting for business combinations. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest (NCI) in the acquiree. Acquisition costs are expensed as incurred.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognised for NCI over the fair value of the identifiable net assets acquired and liabilities assumed. If the fair value of the identifiable net assets acquired is in excess of the aggregate consideration transferred, the Group reassesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses, if any.

d) Foreign currency translation

Functional and presentation currency

The functional currency of the Company and its controlled entity is Australian dollars (A$). This is also the Group's presentation currency.

Transactions and balances

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange at the reporting date.

All exchange differences are taken to the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

e) Revenue from contracts with customers

The Group generates revenue from metals recycling and waste recycling activities which both operate through its facility at Maddington, Western Australia. The Group also has a contract for the provision of operational and maintenance services to a related party.

Revenue from contracts with customers is recognised when control of the goods or services is transferred to the customer at the amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has concluded that it is the principal in its revenue arrangements, because it controls the goods and services before transferring them to the customers.

In mid-September 2021, the Company launched Access Waste – a skip bin business which utilises a cloud-based waste management and logistics platform.

Note 2 Basis of Preparation and Summary of Significant Accounting Policies (continued)

e) Revenue from contracts with customers (continued)

The development and launch of Access Waste is a key component of the Company's waste strategy designed to generate waste for disposal at Gingin and support the daily operations at Maddington, whilst minimising the Company's investment in logistics infrastructure by utilising third party logistics providers to service the Company's customers.

Operational and maintenance services

The Group's contract for rendering of operations and maintenance (O&M) services to a related party involves various activities. These activities tend to be substantially the same with the same pattern of transfer to the customer. These services are taken to be one performance obligation satisfied over the contract period.

For service contracts, where the transaction price is considered to be variable consideration, the Group applies the variable consideration allocation exception to allocate variable consideration to distinct services in the services contract. The customer is typically invoiced monthly.

Maddington facility gate fee revenue

The Group collects gate fees from customers when the waste is received at its Maddington facility. The Group recognises revenue at the point in time when the waste is received and accepted.

Inventory sales

Inventory sales of the Group consist of metals and road base. The Group recognises revenue at the point in time control of the inventory is transferred to the customer.

Waste management

Revenue from collection and disposal of waste is recognised when the performance obligation to the customer has been fulfilled, which is generally when the waste has been collected from the customer. Costs to dispose of the waste are generally incurred at, or close to the time of collection.

f) Interest income

Interest revenue is recognised as interest accrues using the effective interest method.

g) Leases

Group as Lessee

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Note 2 Basis of Preparation and Summary of Significant Accounting Policies (continued)

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Group as Lessor

Short-term equipment hire

The Group undertakes short-term hire of equipment and recognises revenue from this equipment hire on a straight-line basis over the hire term.

h) Employee benefits

Wages, salaries and other short-term benefits

Liabilities for wages and salaries, including non-monetary benefits, accumulating sick leave and other short-term benefits expected to be settled wholly within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled.

Superannuation

Contributions made by the Group to employee superannuation funds, which are defined contribution plans, are charged as an expense when incurred.

Long-term benefits

Long-term employee benefits within the Group include long service leave. The liability for long-term employee benefits is recognised and measured using the projected unit credit method. The obligation is calculated using expected future increases in wage and salary rates, experience of employee departures and period of service. Expected future payments are discounted using the market yields at the reporting date on high quality corporate bonds which have maturity dates approximating the terms of the Group's obligations.

i) Income tax

The income tax expense or revenue for the year is the tax payable on the current year's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiary operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Note 2 Basis of Preparation and Summary of Significant Accounting Policies (continued)

i) Income tax

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Tax consolidation

The Group formed a tax consolidated group on 13 April 2018.

The parent company and its controlled entity continue to account for their own current and deferred tax amounts. The Group has applied the Group allocation approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the Company also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from the subsidiary.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) the wholly-owned tax consolidated entity.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the Group.

j) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

k) Cash and cash equivalents

Cash and cash equivalents in the Statement of Financial Position includes cash on hand, deposits held at call with banks that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. For the purposes of the Statement of Cash Flows, cash and cash equivalents are as described above.

l) Trade and other receivables

Trade receivables that do not contain a significant financing component are measured at the transaction price determined in accordance with the revenue policy. Other receivables are initially measured at its fair value plus, in the case of receivables not at fair value through profit or loss, transaction costs.

Receivables at amortised cost

The Group measures receivables at amortised cost where the objective is to hold the financial asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

Receivables at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the receivable is derecognised, modified or impaired.

Impairment

The Group recognises an allowance for expected credit losses (ECLs) for trade receivables and other receivable not held at fair value through profit or loss. ECLs are based on the difference between the contracted cash flows due in accordance with the contract and all the cash flows the Group expects to receive, discounted at an approximation of the original effective interest rate.

For trade receivables, the Group applies a simplified approach in calculating expected credit losses and recognises a loss allowance based on lifetime expected credit losses at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Note 2 Basis of Preparation and Summary of Significant Accounting Policies (continued)

l) Trade and other receivables (continued)

For other receivables, ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures where there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of default (a lifetime ECL).

The Group considers a receivable to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full or uncollected after issuing a letter of demand. A receivable is written off when there is no reasonable expectation of recovering the contractual cash flows.

m) Investment in joint venture

The Group's investment in its joint venture is accounted for using the equity method. Under the equity method, the investment in a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the joint venture since the acquisition date.

The statement of profit or loss reflects the Group's share of the results of operations of the joint venture. The financial statements of the joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

n) Property, plant and equipment

Property, plant and equipment is stated at cost less any accumulated depreciation and impairment. In the event the carrying amount of an asset is greater than its estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised in profit or loss. A formal assessment of recoverable amount is made when impairment indicators are present.

Subsequent costs are included in the assets' carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in profit or loss during financial period in which they are incurred.

Depreciation

The depreciable amount of fixed assets is depreciated on a straight-line basis over their useful lives to the Group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of the lease term, and the useful life of the asset which will depend on the date of capitalisation. The following depreciation rates were applied during the financial year:

- mobile plant	20% pa
- fixed plant	6% pa
- office equipment	25% pa
- motor vehicles	25% pa
- leasehold improvements	20% pa

The residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are recognised in profit or loss in the period in which they arise.

o) Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of the year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade payables and other payables are carried at amortised cost and due to their short-term nature, they are not discounted.

Note 2 Basis of Preparation and Summary of Significant Accounting Policies (continued)

p) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest rate method. Fees paid on the establishment of loan facilities are recognised as transaction costs.

q) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision resulting from the passage of time is recognised in finance costs.

r) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of the time to prepare for their intended use or sale are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. Capitalisation of borrowing costs is suspended during periods where there is no active development of a qualifying asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

s) Contributed equity

Ordinary shares are classified as equity. Transaction costs of an equity transaction are accounted for as a deduction from equity, net of any related income tax benefit. Distributions on ordinary shares are recognised as a liability in the period in which they are declared.

t) Share-based payments

Equity-settled transactions

Where employees are granted share-based payments, the cost of equity-settled transactions is determined at the grant date using an appropriate valuation model. Further details are given in Note 24.

The amount recognised as an expense during the vesting period is based on the number of equity instruments expected to vest. The Group revises that estimate if subsequent information indicates that the number of rights expected to vest differs from the previous estimate. On vesting date, the Group revises the estimate to the number of rights that ultimately vest. After the vesting date, the Group reverses the amount recognised if the rights are subsequently forfeited, or lapse.

u) Inventories

Inventories of recycled metals and processed road base are valued at the lower of cost and net realisable value. For recycled metals, the cost is based on the weighted average cost principle.

Cost of processed road base is based on cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity.

v) Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

Note 2 Basis of Preparation and Summary of Significant Accounting Policies (continued)

w) Significant accounting judgements and critical estimates

In the preparation of the financial report, management has made certain judgements and estimates that affect reported amounts of revenues, expenses, assets and liabilities.

Judgements

In applying the Group's accounting policies, the following judgements were made:

Operational and maintenance services

The Group's contract for rendering of operations and maintenance services to a related party involve various activities. The performance obligation is fulfilled over time as services are consumed as provided. The customer is typically invoiced monthly for a fixed management fee plus a service charge calculated as 10% of operational costs.

Lease terms for right-of-use assets and lease liabilities

The Group determines the lease term as the non-cancellable term of the lease. The Group has the option under some of its leases to lease the assets for additional terms of one to 5 years. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. The Group has concluded that it will exercise all extension options on its principal lease for the Maddington premises.

Contingent liability – royalty agreement

The Group has concluded that the royalty agreement (refer Note 30) with Fernview Development Group Pty Ltd (an unrelated party) represents a contingent liability as any obligation under the contract is dependent upon the future actions of the Group. The Group has therefore determined that AASB 137 Provisions Contingent Liabilities and Contingent Assets is the appropriate standard to account for the royalty.

Estimates and assumptions

The Group makes the following estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur. For the current reporting period, there was limited impact on the Group due to COVID-19 as the construction industry grew, especially in Western Australia.

Useful life of depreciable assets

Management reviews its estimates of the useful lives of depreciable assets at each reporting date, based on the expected useful life of the assets. Uncertainties in estimates include assessing the impact of the Group's operating environment and technical and other forms of obsolescence.

Impairment of non-current assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a discounted cash flow (DCF) model.

In assessing impairment, management estimates the recoverable amount of each asset or cash-generating unit based on expected future cash flows which are discounted using an appropriate discount rate. Estimation uncertainty relates to assumptions about the expected future cash flows from operating results, the determination of a suitable discount rate used for the DCF model and the growth rate used for extrapolation purposes (refer Note 9).

Provision for expected credit losses on trade and other short-term receivables

For trade and other short-term receivables, the Group uses the simplified approach based on life time expected credit loss. The loss allowance is based on historically observed default rates and incorporates forward looking estimates. It also factors in receipts up to the date of issuing the accounts.

Recognition of deferred tax assets

The extent to which deferred tax assets can be recognised is based on an assessment of the probability of the Group's future taxable income against which the deferred tax assets can be utilised (refer Note 10). Judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future profits.

Note 2 Basis of Preparation and Summary of Significant Accounting Policies (continued)

w) Significant accounting judgements and critical estimates (continued)

Share-based payments

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option and volatility. The expense recognised also includes making estimates and judgements on the likelihood of achieving the vesting conditions. The Group initially measures the fair value of options granted to employees and directors using a Black-Scholes option pricing model to determine the fair value of the liability incurred.

Note 3 Revenue and other income

	Year ended 30 June 2022 $	Year ended 30 June 2021 $
Revenue		
Construction and demolition (C&D) waste revenue	545,436	2,554,289
Commercial and industrial (C&I) waste revenue	203,685	627,446
Metals and building materials recycling revenue	7,001,574	4,578,455
Skip bin revenue	420,229	-
Total waste management and recycling	**8,170,924**	**7,760,190**
Operations and maintenance (O&M) service fee	270,000	280,858
Total revenue from contracts with customers	**8,440,924**	**8,041,048**
Equipment hire	740,796	-
Total Revenue	**9,181,720**	**8,041,048**

The Company receives gate fees for C&D materials as well as C&I materials. The Company also receives revenue by selling recycled metals.

In September 2021, the Company launched Access Waste which is a cloud-based waste management and logistics platform. This initiative has earned skip bin revenue for the current year.

O&M service fee revenue relates to waste management services provided to a related party, Star Shenton Energy Pty Ltd (SSE). Due to an ongoing legal dispute at SSE with one of their customers, activities at the site have been placed in a "care and maintenance" mode until the legal dispute has been resolved and settled. The parties have agreed that the recurring management charge payable to the Company be reduced from $40,000 per month to $15,000 per month which commenced from 1 October 2020. In addition, the O&M service charge equal to 10% of the month's operating expenses of SSE's waste facility has been waived commencing from 1 October 2020. From October 2021, the management charge increased to $25,000 per month.

Note 3 Revenue and other income (continued)

The table below provides a disaggregation of segment revenues from contracts with customers (refer Note 25):

	Waste Management and Recycling	Operations and Maintenance	Total operating segments
Year ended 30 June 2022	**$**	**$**	**$**
Revenue from contracts with customers	8,170,924	270,000	8,440,924
Year ended 30 June 2021	**$**	**$**	**$**
Revenue from contracts with customers	7,760,190	280,858	8,041,048

Disaggregated segment revenue includes eliminations.

	Point in time	Over time	Total
Year ended 30 June 2022	**$**	**$**	**$**
Revenue from contracts with customers	8,170,924	270,000	8,440,924
Year ended 30 June 2021			
Revenue from contracts with customers	7,760,190	280,858	8,041,048

	Year ended 30 June 2022 $	Year ended 30 June 2021 $
Other income		
Government stimulation packages	23,000	67,500
Other revenue	91,725	9,754
Gain on asset sales	95,952	4,934
Research and development claim received	-	845,430
	210,677	**927,618**

	Year ended 30 June 2022 $	Year ended 30 June 2021 $
Note 4 Employee benefits, salaries and wages		
Wages and salaries expenses	(1,937,583)	(1,690,872)
Labour contracting	(469,199)	(787,897)
Consulting	(105,626)	(148,344)
Share-based payments	(131,612)	262,886
Total employee benefits, salaries and wages	**(2,644,020)**	**(2,364,227)**

Notes to the Consolidated Financial Statements

for the year ended 30 June 2022 (continued)

Note 5 Recycling, waste disposal and other site costs

	Year ended 30 June 2022 $	Year ended 30 June 2021 $
Waste disposal costs	(311,190)	(878,680)
Cost of recycled metals	(6,806,147)	(4,392,280)
Power, fuel and oil	(91,915)	(142,290)
Short term equipment hire	(1,224)	(396,010)
Repairs, maintenance and consumables	(246,725)	(404,310)
Other	(28,997)	(20,311)
	(7,486,198)	**(6,233,881)**

Note 6 Other expenses

	Year ended 30 June 2022 $	Year ended 30 June 2021 $
Marketing related costs	(53,550)	(10,656)
HR and office-related expenses	(81,646)	(85,481)
IT costs	(107,398)	(54,780)
Secretarial, legal and business expenses	(245,352)	(253,329)
Motor vehicle related expenses	(62,508)	(46,348)
Provision for expected credit losses	(791,273)	(169,858)
Bad debts written off	(30,024)	-
Capital raising expenses	(149,935)	-
Other expenses	(6,672)	(196,051)
	(1,528,358)	**(816,503)**

Note 7 Depreciation

	Year ended 30 June 2022 $	Year ended 30 June 2021 $
Depreciation on property, plant and equipment	(323,205)	(535,418)
Depreciation on right-of-use assets	(1,269,848)	(806,398)
	(1,593,053)	**(1,341,816)**

Notes to the Consolidated Financial Statements

for the year ended 30 June 2022 (continued)

Note 8 Finance costs

	Year ended 30 June 2022 $	Year ended 30 June 2021 $
Interest expense on lease liability	(1,008,249)	(948,339)
Interest expense on loans and borrowings	(2,028,431)	(1,136,609)
Finance charges	(466,264)	(118,746)
	(3,502,944)	(2,203,694)
Less: Capitalised interest expense	2,398,907	1,657,866
	(1,104,037)	**(545,828)**

The Group commenced construction of the Gingin facility in early April 2020. The construction is expected to be completed in the last quarter of calendar year 2022. The amount of borrowing costs capitalised during the year ended 30 June 2022 was $2,398,907 (2021: $1,657,866). The rate used to determine the amount of borrowing costs eligible for capitalisation was 14.1% (2021: 12.4%) being the average cost of the Group's general borrowings.

Note 9 Impairment of assets

Impairment testing

Gingin (Landfill operations)

This asset is currently under construction. Management determined that there were no impairment indicators for the Gingin CGU at year end and therefore, that no impairment testing was required to be undertaken. Management, in coming to this conclusion, undertook a comparison of the key assumptions/inputs used in the valuation for this asset on 9 September 2020 to those in existence at 30 June 2022 to ensure that there had been no significant adverse changes in those assumptions/inputs. Management concluded that there had been no adverse changes since the previous valuation. The 2020 valuation was carried out by an accredited independent valuer to determine the fair value less costs of disposal based on capitalisation of notional royalty stream and discounted cash flow methods whereby the lowest level input that is significant to the fair value measurement is unobservable (categorised within Level 3 of the fair value hierarchy).

Key assumptions used included forecast waste received, gate fees, capital expenditure and discount rate. No reasonable change in assumptions would cause an impairment in the Gingin CGU.

Maddington CGU

The carrying amount of the Maddington CGU is assessed at each half year to determine whether there is an indicator of impairment. As indicators of impairment were identified at 30 June 2022 and in previous periods, impairment testing of the Maddington CGU was undertaken at 31 December 2020, 30 June 2021, 31 December 2021 and 30 June 2022. An impairment loss was recognised for the half year ended 31 December 2020 of $6,981,753. No further impairment loss or reversal of impairment loss was recognised for the half year ended 30 June 2021. An impairment loss of $2,512,780 was recognised for the 31 December 2021 half year and a further impairment loss of $2,565,166 was recognised for the half year ended 30 June 2022.

The recoverable amount of the Maddington CGU is determined based on a value in use calculation using cash flow projections from financial budgets approved by senior management covering a four year period. In determining the recoverable amount of assets, in the absence of quoted market prices, estimations are made regarding the present value of future cash flows. These estimates and assumptions are subject to risk and uncertainty. Therefore, there is a possibility that changes in circumstances will impact these projections, which may impact the recoverable amount.

The pre-tax discount rate applied to the cash flow projections is 24% (post tax 18%) (2021: 20.3% (post tax (15.2%)). The cashflows for the period subsequent to the four years has been restricted to an additional 10 years being the length of the Maddington facility lease including options. The growth rate used to extrapolate the cash flows of the unit beyond the four-year period is 0% (2021: 0%).

Note 9 Impairment of assets (continued)

Impairment testing (continued)

As at 30 June 2022, impairment testing identified that the carrying value of the Maddington CGU exceeded its estimated recoverable value. Accordingly, the Group recorded an impairment loss of $5,077,946 which is set out in the following table:

	30 June 2022 $	30 June 2021 $
Maddington waste facility CGU		
Carrying value of net assets	5,077,946	12,725,293
Estimated recoverable amount[1]	-	(5,743,540)
Impairment recognised	5,077,946	6,981,753

	Property, Plant and Equipment	Right-of-use Asset	Total
Year ended 30 June 2022	$	$	$
Impairment recognised	2,257,796	2,820,150	5,077,946
Year ended 30 June 2021			
Impairment recognised	3,181,901	3,799,852	6,981,753

[1] The directors have considered the fair value less cost of disposal of individual assets in the Maddington CGU and have determined that these assets would not have any significant value on a stand-alone basis.

As at 30 June 2022, the calculation of value in use for Maddington is most sensitive to the following assumptions:

- discount rates
- metals recycling gross margins
- C&I and C&D waste volumes
- C&I and C&D waste pricing

Discount rates	Discount rates represent the current market assessment of the risks specific to each CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated into the cash flow estimates.
Metals recycling	The Company's metals recycling activities generated revenue of $7,001,574 (pcp: $4,578,455). However, these activities were put on hold in the second half of the reporting period with resources being redeployed as the focus shifted to the completion of Gingin landfill project. The Company has continued its dialogue with RPS Recycling Pty Ltd in relation to establishing a joint venture in future. However, given the current focus on completion of Gingin landfill activity, no metals recycling budget was compiled due to the lack of certainty surrounding the timing of future activities in this area.
C&I and C&D waste volumes	Revenue from C&D and C&I activities for FY22 totalled $749,121 (pcp: $3,181,735). The C&I and C&D waste volumes have been forecast to increase over the budget period for FY23 to FY26. Maddington site has a license to recycle a total of 500,00tpa. The Budget assumes capacity utilisation to be 16% in FY23, 36% in FY24, 38% in FY25 and 40% in FY 26, of the licensed capacity.
C&I and C&D waste pricing	A decrease of 8% in the pricing per annum in the C&I and C&D waste in the Maddington CGU would result in a future impairment of 253,474.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2022 (continued)

Note 10 Income tax

	Year ended 30 June 2022 $	Year ended 30 June 2021 $
The components of income tax benefit comprise:		
Current income tax	-	-
Current income tax benefit	-	-
Deferred income tax	-	-
Deferred tax benefit relating to the origination and reversal of temporary differences	-	-
Income tax benefit reported in the consolidated statement of profit or loss and the other comprehensive income	-	-
Relationship between income tax expense/(benefit) and accounting loss:		
Loss before income tax	(11,371,650)	(10,464,942)
At the statutory income tax rate of 25% (2021: 26%)	(2,842,912)	(2,720,885)
Non-assessable income	(1,668)	(308,546)
Non-deductible expenses	71,630	36,409
Other adjustments	-	(29,711)
Deferred tax assets not recognised	2,772,950	3,022,733
Income tax benefit reported in the consolidated statement of profit or loss and other comprehensive income	-	-

	$	$
Deferred tax liabilities		
Property, plant and equipment	(554,076)	(457,157)
Other deferred tax liabilities	(59,715)	(129,929)
Deferred tax liabilities	**(613,791)**	**(587,086)**
Deferred tax assets – brought to account		
Net deferred tax assets on right-of-use assets and lease liabilities	613,791	587,086
Business related capital expenditure	-	-
Accruals and provisions	-	-
Deferred tax asset not recognised	-	-
Deferred tax assets	**613,791**	**587,086**
Net deferred tax liability recognised	-	-

Estimated tax losses (including capital losses) of $6,495,332 (tax effected) (30 June 2021: $5,617,979, tax effected), including tax losses transferred with the acquired subsidiary, have not been recognised as a deferred tax asset as there is uncertainty that the amounts will be available to offset future taxable income. In addition, deductible temporary differences of $2,954,745 (30 June 2021: $1,505,900) have not been recognised.

Note 11 Earnings per share

The following table reflects the data used in the calculation of the basic and diluted earnings / (loss) per share:

	Year ended 30 June 2022 $	Year ended 30 June 2021 $
Weighted average number of ordinary shares used in the calculation of basic earnings / (loss) per share	453,563,493	249,501,676
Weighted average number of ordinary shares used in the calculation of diluted earnings / (loss) per share	453,563,493	249,501,676
	$	**$**
Loss attributable to ordinary equity holders of the Group	**(11,371,650)**	**(10,464,942)**
Basic and diluted loss per share (cents)	**2.5**	**4.2**
	Number	**Number**
The estimated number of potential ordinary shares on issue but not included in the diluted earnings / (loss) per share as they are anti-dilutive or contingently issuable	30,000,000	32,500,000

	30 June 2022 $	30 June 2021 $
Note 12 Cash and cash equivalents		
Cash on hand and at bank	**11,596**	**1,815,095**

	30 June 2022 $	30 June 2021 $
Note 13 Trade and other receivables		
Trade receivables (i)	742,682	915,555
Amounts due from Star Shenton Energy Pty Ltd (ii)	396,000	308,944
Loan receivables from Star Shenton Energy Pty Ltd (iii)	309,457	349,014
Loan receivables from Minesite Recycling Pty Ltd	-	250,000
	1,448,139	1,823,513
Allowance account for expected credit losses (iv)	(961,131)	(169,858)
	487,008	**1,653,655**

(i) Trade receivables are non-interest bearing and are generally on 30 to 90 day terms.

(ii) Amounts due from Star Shenton Energy Pty Ltd relate to trade receivables. The Company holds security for the receivables due in the form of a Terex Screen. In July 2022, the Terex Screen was independently valued by Pickles Auctions Pty Ltd. The report ascribed a value of $340,000, with basis of valuation being on an orderly liquidation value. Amounts past due are interest-bearing at 10% pa.

(iii) Loan receivables from Star Shenton Pty Ltd are interest-bearing at 10% pa and to be repaid by 31 December 2022. As mentioned in (ii) above, the Company holds security for the receivables balance.

(iv) The Group recognised a provision for expected credit losses of $791,273 for the year, resulting in a total balance of $961,131.

Note 13 Trade and other receivables (continued)

	30 June 2022 $	30 June 2021 $
Allowance account for expected credit losses		
As at 1 July	169,858	-
Provision for expected credit losses	791,273	169,858
As at 30 June	**961,131**	**169,858**

Note 14 Inventory

	30 June 2022 $	30 June 2021 $
Finished goods	-	388,568
	-	**388,568**

Note 15 Investment in joint venture

The Group entered into a joint venture agreement with iHUB Solutions Pty Ltd on 18 November 2021 to acquire a 50% interest in iHUB Technologies Pty Ltd (iHUB), which operates at Pearsall Western Australia. The launch of Access Waste involved the Company investing $351,000 over an 18-month period to acquire a 50% interest in iHUB. The Company acquired 351,000 shares in iHUB through the issue of shares to acquire a 50% interest in iHUB, the entity which provides the software platform for Access Waste. iHUB was previously 100% owned by iHUB Solutions Pty Ltd. The Group's interest in iHUB is accounted for using the equity method in the consolidated financial statements. Summarised statement of profit or loss of the joint venture and reconciliation with the carrying amount of the investment are set out below:

	18 November 2021 to 30 June 2022 $
Revenue from contracts with customers	38,200
Costs and administrative expenses	(187,544)
Loss before tax	**(149,344)**
Income tax expense	-
Loss for the period	**(149,344)**
Total comprehensive loss for the period	**(149,344)**
Group's share of loss for the period	**(74,672)**

	30 June 2022 $
Current assets	216,750
Non-current assets	351,000
Current liabilities	(70,311)
Non-current liabilities	-
Net assets	**497,439**

Note 15 Investment in joint venture (continued)

	$
Investment in joint venture	351,000
Group's share of loss for the period	(74,672)
Group's carrying amount of the investment	**276,328**

	30 June 2022 $	30 June 2021 $
Note 16 Property, plant and equipment		
Land		
Gross carrying amount at cost	9,200,000	9,200,000
Mobile plant		
Gross carrying amount at cost	1,856,390	1,805,390
Less: Accumulated depreciation and impairment	(1,856,390)	(1,198,415)
	-	606,975
Fixed plant		
Gross carrying amount at cost	4,498,287	4,498,287
Less: Accumulated depreciation and impairment	(4,498,287)	(3,256,944)
	-	1,241,343
Office equipment		
Gross carrying amount at cost	164,107	151,492
Less: Accumulated depreciation and impairment	(164,107)	(84,173)
	-	67,319
Motor vehicles		
Gross carrying amount at cost	201,225	200,353
Less: Accumulated depreciation and impairment	(201,225)	(184,484)
	-	15,869
Leasehold improvement at cost	1,508,870	1,508,870
Less: Accumulated depreciation and impairment	(1,508,870)	(1,124,860)
	-	384,010

	30 June 2022 $	30 June 2021 $
Note 16 Property, plant and equipment (continued)		
Skip bins		
Gross carrying amount at cost	91,124	-
Less: Accumulated depreciation and impairment	(91,124)	-
	-	-
Capital work in progress at cost – Gingin landfill facility	20,849,717	9,314,002
Total property, plant and equipment		
Gross carrying amount at cost	38,369,720	26,678,394
Less: Accumulated depreciation and impairment	(8,320,003)	(5,848,876)
Total carrying amount	**30,049,717**	**20,829,518**

The Group has a charge registered against all its property, plant and equipment in order to fulfil the collateral requirements for the Remagen loan contract entered into (refer Note 20).

Note 16 Property, plant and equipment (continued)

Reconciliation of net book value:

	Land	Mobile plant	Fixed plant	Office equipment	Motor vehicles	Leasehold improve-ment	Skip bins	Capital work in progress	Total
	$	$	$	$	$	$	$	$	$
Opening balance as at 1 July 2021	9,200,000	606,975	1,241,343	67,319	15,869	384,010	-	9,314,002	20,829,518
Purchases	-	273,929	-	12,615	102,477	-	91,124	11,535,715	12,015,860
Disposals	-	(208,067)	-	-	(6,593)	-	-	-	(214,660)
Depreciation charge	-	(137,917)	(73,728)	(17,137)	(21,729)	(67,161)	(5,533)	-	(323,205)
Impairment of assets	-	(534,920)	(1,167,615)	(62,797)	(90,024)	(316,849)	(85,591)	-	(2,257,796)
Net carrying amount as at 30 June 2022	**9,200,000**	**-**	**-**	**-**	**-**	**-**	**-**	**20,849,717**	**30,049,717**
Opening balance as at 1 July 2020	9,200,000	328,613	3,221,521	68,705	105,528	1,025,342	-	3,264,883	17,214,592
Purchases	-	1,240,250	-	50,781	-	12,162	-	6,049,119	7,352,312
Disposals	-	(20,067)	-	-	-	-	-	-	(20,067)
Depreciation charge	-	(178,164)	(166,494)	(20,349)	(26,021)	(144,390)	-	-	(535,418)
Impairment of assets	-	(763,657)	(1,813,684)	(31,818)	(63,638)	(509,104)	-	-	(3,181,901)
Net carrying amount as at 30 June 2021	**9,200,000**	**606,975**	**1,241,343**	**67,319**	**15,869**	**384,010**	**-**	**9,314,002**	**20,829,518**

Notes to the Consolidated Financial Statements

for the year ended 30 June 2022 (continued)

	30 June 2022 $	30 June 2021 $
Note 17 Other non-current assets		
Deposits at amortised cost (i)	**3,906,500**	**3,906,500**

(i) The deposits held with ANZ Bank are to cover bank guarantees provided to The Minister for Environment and the Chief Executive Officer of the Office of the Department of Water and Environmental Regulation (DWER) as required by regulatory authorities for the construction of the landfill facility ($3,500,000) and to the landlord of the Maddington facility pursuant to the lease agreement ($406,500).

Note 18 Right-of-use assets

The Group has lease contracts for various items of mobile plant and facility used in its operations. Leases of mobile plant generally have lease terms between 1 and 2 years, while the facility has a lease term of 20 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets.

The Group also has certain leases of machinery with lease terms of 12 months or less. The Group applies the 'short-term lease' recognition exemptions for these leases.

The carrying amounts of lease liabilities and the movements during the year are set out in Note 21.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year:

	Facility $	Mobile Plant $	Total $
As at 1 July 2020	**6,136,773**	**-**	**6,136,773**
Additions	-	1,897,501	1,897,501
Depreciation expense	(367,966)	(438,432)	(806,398)
Impairment losses	(3,442,274)	(357,578)	(3,799,852)
As at 30 June 2021	**2,326,533**	**1,101,491**	**3,428,024**
Additions	-	661,975	661,975
Depreciation expense	(113,441)	(1,156,408)	(1,269,849)
Impairment losses	(2,213,092)	(607,058)	(2,820,150)
As at 30 June 2022	**-**	**-**	**-**

The following are the amounts recognised in profit or loss:

	Year ended 30 June 2022 $	Year ended 30 June 2021 $
Depreciation expense of right-of-use assets	(1,269,849)	(806,398)
Impairment expense on right-of-use assets	(2,820,150)	(3,799,852)
Interest expense on lease liability	(1,008,249)	(948,341)
Expense relating to short-term leases (i)	(1,224)	(417,610)

Note 18 Right-of-use assets (continued)

The Group had total cash outflows for leases of $2,353,995 in 2022 (2021: $1,880,711). The Group also had non-cash additions to right-of-use assets and lease liabilities of $661,976 in 2022 (2021: $1,897,501). The Group had variable lease payments of $309,584 (2021: $258,686) which relate to variable outgoings pursuant to the Maddington lease.

(i) Payments of $1,224 (2021: $417,610) for short term leases (lease term of 12 months or less) were expensed in the Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2022.

Note 19 Trade and other payables

	30 June 2022 $	30 June 2021 $
Trade payables (i)	1,146,014	901,401
Trade payables to SBANG Australia (Note 28)	6,993,082	187,594
Accrued and other payables (ii)	1,096,650	423,259
Payable to iHub Technologies Pty Ltd	156,000	-
	9,391,746	**1,512,254**

(i) Trade payables represent the liability for the goods and services received by the Group that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days.

(ii) Accrued and other payables are non-interest bearing and have an average term of three months.

Note 20 Borrowings

	30 June 2022 $	30 June 2021 $
Term borrowings - Pepper Asset Financing	-	1,241
Term borrowings - ScotPac Business Finance (i)	565,851	700,660
Term borrowings - Bigstone Finance (ii)	86,158	134,358
Premium funding of insurance (iii)	48,722	31,887
Loan from M8 Holding Ltd (Thailand) (Note 28)	2,388,932	-
Remagen loan (iv)	10,531,935	10,736,525
	13,621,598	11,604,671
less: Non-current portion	(2,841,580)	(10,518,497)
Current portion	**10,780,018**	**1,086,174**

(i) Term borrowings from Scottish Pacific Business Finance Pty Ltd relate to financing for the Company's mobile plant which bears interest at 11.49% (2021: 11.49%) and is repayable in monthly instalments by 12 October 2025. Current liability component amounts to $138,118 (2021: $137,436).

(ii) Term borrowings from Bigstone Lending Pty Ltd relates to financing for the Company's mobile plant which bears interest at 24.19% (2021: 24.19%) and is repayable in monthly instalments by 26 September 2023. Current liability component amounts to $61,242 (2021: $48,199).

(iii) Premium funding of insurance with Arteva (formerly named Principal Finance) and BOQ Financing for $30,780 (2021: $28,436) and $17,942 (2021: $3,451) respectively. Current liability component amounts to $48,722 (2021: $31,887).

(iv) Finance facility from Remagen Capital Management Pty Limited for $11,000,000 was obtained during the prior financial year. The facility was primarily used for construction of the Gingin waste management facility as well as towards working capital and to fund the $3,500,000 bank guarantee required by the regulatory authority for Gingin. Current liability component amounts to $10,531,935 (2021: 867,411). Key terms of the Remagen loan facility are as follows:

Note 20 Borrowings (continued)

Loan Amount:	$11,000,000
Interest Rate:	14% per annum
Term:	24 months from January 2021
Security:	(i) first ranking mortgage over the land upon which the Gingin Waste Management Facility is being constructed and over M8S's lease over the Maddington Waste Facility (ii) security interest over all of the present and future property and assets of the Company and its controlled entity, Fernview Environmental Pty Ltd
Fees:	4% of the Loan Amount payable as arrangement and loan fees with an additional 2% if the facility exceeds a term of 12 months

The loan facility also contains indemnities, warranties, undertakings and events of default considered customary for an agreement of this nature.

Year ended 30 June 2022	**Short-term loans**	**ScotPac loan**	**Bigstone loan**	**M8 Holding loan**	**Remagen loan**
	$	**$**	**$**	**$**	**$**
Balance at 1 July 2021	33,128	700,660	134,358	-	10,736,525
Balance at 30 June 2022	48,722	565,851	86,158	2,388,932	10,531,935
Movement	**(15,594)**	**134,809**	**48,200**	**(2,388,932)**	**204,590**
Cash					
Proceeds from short-term loans	364,875	-	-	-	-
Repayment of short-term loans	(349,281)	-	-	-	-
Repayment of mobile plant loan	-	(134,809)	(48,200)	-	-
Proceeds from M8 Holding	-	-	-	2,350,000	-
Repayment of Remagen loan	-	-	-	-	(867,411)
Non-cash					
Non-cash interest	-	-	-	38,932	662,821
	15,594	**(134,809)**	**(48,200)**	**2,388,932**	**(204,590)**

Year ended 30 June 2021	**Short-term loans**	**ScotPac loan**	**Bigstone loan**	**Remagen loan**
	$	**$**	**$**	**$**
Balance at 1 July 2020	62,585	-	-	-
Balance at 30 June 2021	33,128	700,660	134,358	10,736,525
Movement	**29,457**	**(700,660)**	**(134,358)**	**(10,736,525)**
Cash				
Proceeds from short-term loans	355,581	-	-	-
Repayment of short-term loans	(385,038)	-	-	-
Proceeds from mobile plant loan	-	795,588	262,120	-
Repayment of mobile plant loan	-	(94,928)	(127,762)	-
Proceeds from Remagen loan	-	-	-	10,485,094
Non-cash				
Non-cash interest	-	-	-	251,431
	(29,457)	**700,660**	**134,358**	**10,736,525**

Note 21 Lease liabilities

Set out below are the carrying amounts of lease liabilities and the movements during the year:

	2022 $	2021 $
As at 1 July	**9,067,925**	**7,685,185**
Additions	661,976	1,897,501
Accretion of interest	1,008,249	948,340
Repayment of principal portion of lease liabilities	(1,034,938)	(514,760)
Repayment of interest portion of lease liabilities	(1,008,249)	(948,341)
As at 30 June	**8,694,963**	**9,067,925**
Current	683,086	871,674
Non-current	8,011,877	8,196,251

	30 June 2022 $	30 June 2021 $

Note 22 Provisions

Employee provisions	**173,713**	**107,068**

Note 23 Share capital and reserves

Share Capital

	30 June 2022 Number	30 June 2021 Number
(a) Issued and paid up capital		
Issued and fully paid ordinary shares	477,209,670	233,229,835
(b) Movement in ordinary shares	**$**	**$**
Balance as at 1 July	**41,991,364**	**41,991,364**
Issuance of shares through rights issue	4,664,596	-
Issued to KMPs	99,750	-
Issued to underwriters of rights issue	80,000	-
Issued to employees	42,000	-
Capital raising costs	(364,704)	-
Balance as at 30 June	**46,513,006**	**41,991,364**

Note 23 Share capital and reserves (continued)

Share Capital

(c) Movement in ordinary shares

	2022 Number	2021 Number
Balance as at 1 July	**233,229,835**	**233,229,835**
Issuance of shares through rights issue	233,229,835	-
Issued to KMPs	4,750,000	-
Issued to underwriters of rights issue	4,000,000	-
Issued to employees	2,000,000	-
Balance as at 30 June	**477,209,670**	**233,229,835**

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholder meetings.

Share-based Payment Reserve

	2022 $	2021 $
Balance at 1 July	1,256,399	1,519,285
Cost of issuing options to the lead manager	18,264	-
Cost of issuing shares to KMPs	84,000	-
Cost of issuing shares to directors	57,750	-
Reversal of bonus shares	(28,399)	-
Shares issued to KMPs and directors	(141,750)	-
Reversal of performance rights expenses	-	(291,285)
Cost of share-based payment to director	-	28,399
Balance at 30 June	**1,246,264**	**1,256,399**

The share-based payments reserve is used to recognise the value of equity-settled share-based payments provided to employees, including key management personnel and options issued to the lead manager or its nominees, as part of their remuneration.

Capital Management

For the purpose of the Group's capital management, capital includes issued capital, and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Group's capital management is to maximise shareholder value.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. The Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements.

Note 24 Share-based payments

Stephen Hyams' (appointed as director on 6 November 2020) remuneration included an issue of 750,000 shares in the Company on the anniversary of each year of his appointment whilst he remained a director of the Company. The issue of shares was subject to the prior approval of shareholders and the Board and the following terms:

- each issue of shares is subject to any required approvals under the Corporations Act and the ASX Listing Rules (if applicable);
- the shares will be issued for no consideration;
- the Company will be liable for all tax liabilities arising in relation to the annual awards of shares;
- the first issue of the shares will take place upon the expiry of one year from the first anniversary of Mr Hyams' appointment; and
- the Company undertakes to seek any shareholder and regulatory approvals required to issue the shares.

In order to account for the share-based payment arising from the potential issue of these shares, during the prior financial year the Company has recognised an expense of $28,399 towards bonus incentives and $21,578 towards tax liabilities arising in relation to awards of shares. The key inputs/assumptions for the valuation of the director rights were as follows:

Exercise price: Nil

Director term: 10 years

Total expected number of rights – 7,500,000

Share price: 30 June 2021 - $0.024 (share price updated through to shareholder approval)

During the reporting period, the Company issued 750,000 fully paid ordinary shares to Mr Hyams. The issue of shares was approved by shareholders at the Company's 2021 annual general meeting.

Stephen Hyams resigned as Director on 23 November 2021.

During the year ended 30 June 2022, the Company issued the following shares as remuneration for services to the Company:

- in accordance with his employment contract, Mr Rudas (or his nominee) was issued with 2,000,000 fully paid ordinary shares in the Company at the share price of $0.021 on the grant date of 24 November 2021. The issue of shares was approved by shareholders at the Company's 2021 annual general meeting.
- in accordance with his employment contract, Mr Joshi was issued with 2,000,000 fully paid ordinary shares in the Company at the share price of $0.021 on the grant date of 24 November 2021.
- in accordance with his employment contract, Mr Flugge was issued with 2,000,000 fully paid ordinary shares in the Company at the share price of $0.021 on the grant date of 24 November 2021.

No executive cash bonuses were paid during the reporting period (2021: None).

Options

The Company issued a total of 20,000,000 options to the lead manager of the Group's IPO, upon the Company's ASX listing, which expire on 4 December 2022. The options were issued as consideration for the lead manager's role in the IPO including corporate advisory, marketing and selling and distribution services of the Company's shares. The options have an exercise price of $0.25 and can be exercised at any time on or prior to the expiry date of 10 December 2023.

The value of the services represented by the options could not be reliably measured and the share-based payment had been estimated based on the fair value of the options issued. The fair value per security had been calculated as $0.0575 using a Black Scholes option pricing model taking in to account the terms and conditions upon which the options were granted. The fair value of the options was calculated on the date of grant using the following assumptions:

Exercise price	$0.25
Term	4 years
Dividend yield	0%
Extended volatility	60% to 70%
Risk free interest rate	2.08%

Note 24 Share-based payments (continued)

On 2 August 2021, the Company issued 10,000,000 options to the underwriter of the renounceable rights issue pursuant to a prospectus dated 25 June 2021. The options were issued as consideration for services provided by the underwriter in relation to the rights issue. The options had a fair value of $0.00598 per option, determined using a Binomial option pricing model and taking in to account the terms and conditions upon which the options were granted. As the Company determined that it could not reliably measure the fair value of the service provided, it rebutted the presumption that it could determine the fair value of the service provided and options issued were, therefore, fair valued as indicated below.

The fair value of the options was calculated on the date of grant using the following assumptions:

Exercise price	$0.040
Term	3 years
Dividend yield	0%
Extended volatility	45%
Risk free interest rate	0.20%

Movements during the year

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options during the year:

	2022 Number	2022 WAEP	2021 Number	2021 WAEP
Outstanding at 1 July2022	20,000,000	$0.25	20,000,000	$0.25
Granted during the year [1]	10,000,000	$0.04	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at 30 June	30,000,000	$0.18	20,000,000	$0.25
Exercisable at 30 June	20,000,000	$0.25	20,000,000	$0.25

[1] Issue of options to the underwriter of the August 2021 rights issue being consideration for services provided in relation to the rights issue.

Performance rights

In November 2019, upon listing, the Company issued a total of 10,000,000 performance rights under the Performance Rights Offer. This comprised 6 classes (A to F) of performance rights (details of which are set out in section 10.10 of the Remuneration Report) which were issued to the then directors and executives of the Company. The estimated value of the performance rights at grant date has been quantified as $2,000,000. Of the 6 classes of performance rights, classes A, C and E were forfeited in the 2020/21 financial year as the requisite benchmarks were not achieved within the stipulated timeframe. During the 2021/22 financial year, classes B, D and F were forfeited as the timeframe for the requisite benchmarks had expired and the benchmarks had not been achieved.

Note 24 Share-based payments (continued)

Movements during the year

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, performance rights during the year:

	2022 Number	2022 WAEP	2021 Number	2021 WAEP
Outstanding at 1 July	5,000,000	-	10,000,000	-
Granted during the year	-	-	-	-
Forfeited/lapsed during the year	(5,000,000)	-	(5,000,000)	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at 30 June	-	-	5,000,000	-
Exercisable at 30 June	-	-	-	-

The milestones that were required to be achieved for each Performance Right in the relevant class to be converted into one share at the election of the KMP for no consideration were as follows:

Class A Performance Rights: 1,666,667 Performance Rights will convert into Shares upon the Company achieving, in relation to its existing business and assets at the date the Company is admitted to the Official List of ASX (Listing Date), an operating revenue of at least $20,000,000 in the first 12 months following issue. These performance milestones have not been achieved and therefore, the performance rights expired during 2020/21 financial year.

Class B Performance Rights: 1,666,667 Performance Rights will convert into Shares upon the Company achieving, in relation to its existing business and assets at the Listing Date, an operating revenue of at least $40,000,000 in the period commencing on the date which is 12 months following issue and ending on the date which is 24 months following issue. These performance milestones have not been achieved and therefore, the performance rights expired during the 2021/22 financial year.

Class C Performance Rights: 1,666,667 Performance Rights will convert into Shares upon the Company achieving, in relation to its existing business and assets at the Listing Date, earnings before interest, tax, depreciation and amortisation of at least $5,000,000 in the first 12 months following issue. These performance milestones have not been achieved and therefore, the performance rights expired during 2020/21 financial year.

Class D Performance Rights: 1,666,667 Performance Rights will convert into Shares upon the Company achieving, in relation to its existing business and assets at the Listing Date, earnings before interest, tax, depreciation and amortisation of at least $12,500,000 in the period commencing on the date which is 12 months following issue and ending on the date which is 24 months following issue. These performance milestones have not been achieved and therefore, the performance rights expired during 2021/22 financial year.

Class E Performance Rights: 1,666,667 Performance Rights will convert into Shares upon the Maddington Facility operating at an annual rate of 210,000 tonnes and/or m3 in the first 12 months following issue. These performance milestones have not been achieved and therefore, the performance rights expired during 2020/21 financial year.

Class F Performance Rights: 1,666,665 Performance Rights will convert into Shares upon the Gingin Facility being fully licensed and operational in the first 24 months following issue. These performance milestones have not been achieved and therefore, the performance rights expired during 2021/22 financial year.

Note 25 Operating segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the executive management team (chief operation decision makers) in assessing performance and in determining the allocation of resources.

Operating segments outlined below are identified by management based on the nature of the operations. The executive management team consider the business strategically and operationally from a service perspective and have identified three reportable segments as follows:

- waste management and recycling
- operations and maintenance (O&M)
- landfill operations

Note 25 Operating segments (continued)

Management monitors the performance of the operating results of the segments separately for the purpose of making decisions about resource allocation and performance assessment. The performance is measured in accordance with the Company's accounting policies.

Types of services by reportable segments

(i) Waste Management and Recycling

The waste management segment involves resource recovery from C&D waste (C&D) and C&I waste. (C&I). C&D waste includes waste from demolition and civil construction activities, including roads and buildings. C&I waste includes waste from industries such as manufacturing and retail as well as wholesale businesses. During the year, the Company also conducted metals recycling activities; these activities involved aggregating, processing and selling of recycled metals to both local and export markets.

(ii) Operations and Maintenance

The O&M segment primarily involves providing technical, business and other ancillary support to companies in the waste industry.

(iii) Landfill Operations

The construction of the landfill at Gingin is nearing completion. Landfill operations have not yet commenced and consequently there is no revenue associated with this segment.

Corporate items of revenue and expenses have been allocated to the operating segments that receive the majority of the economic value.

Summarised financial information concerning the reportable segments as at 30 June 2022 and 30 June 2021 are shown in the following table:

Year ended 30 June 2022	Waste Management and Recycling $	Operations and Maintenance $	Landfill Operations $	Total operating segments $
Revenue from contracts with customers	8,911,720	270,000	-	9,181,720
Other income	210,677	-	-	210,677
Operating expenses	(12,502,918)	(313,236)	(223,721)	(13,039,875)
EBITDA	(3,380,521)	(43,236)	(223,721)	(3,647,478)
Depreciation and amortisation	(944,128)	(1,517)	(647,408)	(1,593,053)
Net finance costs	(978,636)	(33,109)	(41,428)	(1,053,173)
Impairment losses	(5,077,946)	-	-	(5,077,946)
Loss before income tax	(10,381,231)	(77,862)	(912,557)	(11,371,650)
Income tax benefit	-	-	-	-
Loss after income tax	**(10,381,231)**	**(77,862)**	**(912,557)**	**(11,371,650)**
Capital expenditure	**369,556**	**110,589**	**11,535,715**	**12,015,860**

Notes to the Consolidated Financial Statements

for the year ended 30 June 2022 (continued)

Note 25 Operating segments (continued)

Year ended 30 June 2021	Waste Management and Recycling $	Operations and Maintenance $	Landfill Operations $	Total operating segments $
Revenue from contracts with customers	7,760,190	280,858	-	8,041,048
Other income	927,618	-	-	927,618
Operating expenses	(10,002,708)	(235,052)	(355,447)	(10,593,207)
EBITDA	(1,314,900)	45,806	(355,447)	(1,624,541)
Depreciation and amortisation	(1,123,471)	(1,271)	(217,074)	(1,341,816)
Net finance costs	(471,169)	22,575)	(23,088)	(516,832)
Impairment losses	(6,981,753)	-	-	(6,981,753)
Loss before income tax	(9,891,293)	21,960	(595,609)	(10,464,92)
Income tax benefit	-	-	-	-
Loss after income tax	**(9,891,293)**	**21,960**	**(595,609)**	**(10,464,942)**
Capital expenditure	**1,218,579**	**43,586**	**6,090,147**	**7,352,312**

Revenue from one customer amounted to $4,793,816 (2021: $3,222,174) arising from metals recycling within the waste management and recycling CGU.

Revenue from a second customer amounted to $1,508,321 (2021: $1,120,158) arising from metals recycling within the waste management and recycling CGU.

No segments have been aggregated to form the above reportable segments.

Capital expenditure consists of additions of property, plant and equipment, which includes $11,535,715 for the construction of the landfill at Gingin.

The Group's executive management does not review segment assets and liabilities.

All non-current assets are based in Australia.

	Year ended 30 June 2022 $	Year ended 30 June 2021 $
Note 26 Auditor's remuneration		
Fees to Ernst & Young (Australia)		
Fees for auditing the statutory financial report of the parent covering the group and auditing the statutory financial reports of any controlled entities including the half-year review	283,154	179,790
Fees for other assurance services	-	-
Fees for other services:		
- Tax compliance	36,550	27,000
- R&D services	-	50,000
- GST services	1,500	-
	321,204	**256,790**

Note 27 Key Management Personnel (KMP) disclosures

The following were KMPs of the Group at any time during the reporting period and, unless indicated, were KMPs for the entire period:

1. Mark Puzey – Non-Executive Chairman
2. Tomasz Rudas – Managing Director
3. Saithsiri Saksitthisereekul – Non-Executive Director
4. Stephen Hyams – Non-Executive Director (resigned 23 November 2021)
5. Jonathan Fisher – Non-Executive Director (appointed 4 October 2021; resigned 3 December 2021)
6. Vijay Joshi – Chief Financial Officer

	Year ended 30 June 2022 $	Year ended 30 June 2021 $
The aggregate KMPs compensation is set out below:		
Short-term benefits	841,423	1,266,898
Post-employment benefits	63,341	100,460
Long term benefits	34,615	76,040
Share-based payments	188,207	(228,340)
	1,127,586	**1,215,058**

Note 28 Related party transactions

		Sales to Related parties $	Purchases from related parties $	Amounts owed by related parties $	Amounts owed to related parties $
Star Shenton Energy Pty Ltd	2022	297,000	-	705,457	-
	2021	308,944	-	657,958	-
Sbang Australia Pty Ltd	2022	-	8,451,383	-	6,993,082
	2021	-	3,339,628	-	187,594
M8 Holding Ltd (Thailand)	2022	-	-	-	2,388,932
	2021	-	-	-	-

i) Star Shenton Energy Pty Ltd (SSE) - an amount totaling $297,000 (inclusive of GST) was invoiced during the period for the provision of operations and maintenance services. Vijay Joshi is a KMP of the Company and also a director of SSE.

The Group has a trade receivable from SSE for an amount of $396,000 (2021: $308,944) and a loan receivable from SSE of $309,457 (2021: $349,014). These amounts are interest bearing at 10% per annum and are payable on demand (refer Note 13).

	2022 $	2021 $
Balance as at 1 July	657,958	631,166
O&M fees	297,000	308,944
Receipts	(364,828)	(738,274)
Loans provided	68,977	431,067
Interest	46,350	25,055
Balance as at 30 June	**705,457**	**657,958**

Note 28 Related party transactions (continued)

ii) In March 2020, the Group awarded a contract for the construction of a landfill facility at Gingin WA with a value of $9,600,000 to Sbang Australia Pty Ltd, a wholly owned subsidiary of M8 Holding Limited (M8H) (formerly named Sbang Sustainable Energies Ltd). M8H exercises significant influence over the Group and Saithsiri Saksitthisereekul is a common director. The contract was awarded following a comprehensive tender process and confirmation from the ASX that prior shareholder approval was not required for the contract.

iii) The Company is a party to a loan agreement with M8H pursuant to which M8H has agreed to lend up to $4,000,000 to the Company at the interest of 10% per annum. The termination date 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 to grant security in favour of M8H for the loan was obtained at the annual general meeting held on 5 June 2020. Pursuant to Remagen providing a debt facility to the Company, M8H agreed to take a second ranking security effective from when the Remagen loan was settled. In October 2021, the Company issued a letter to M8H seeking to draw down on the loan facility. As at 30 June 2022, the amount drawn down totaled $2,350,000.

iv) Stephen Hyams entered into a consultancy agreement with the Company upon his appointment as a director on 6 November 2020. The fees paid to Mr Hyams pursuant to the consultancy agreement amounted to $120,000. Remuneration also included an issue of 750,000 shares in the Company on the anniversary of each year of his appointment whilst he remained a director of the Company including tax expenses associated with the share allocation. The issue of shares was subject to the prior approval of shareholders.

During the reporting period, Mr Hyams was issued with 750,000 shares in the Company. The issue of shares was approved by shareholders at the Company's 2021 annual general meeting. Stephen Hyams resigned as a Director on 23 November 2021.

Note 29 Parent entity disclosure

	30 June 2022 $	30 June 2021 $
Statement of Financial Position		
ASSETS		
Current assets	27,552,901	22,805,813
Non-current assets	21,121	7,379,049
TOTAL ASSETS	**27,574,022**	**30,184,862**
LIABILITIES		
Current liabilities	15,075,464	2,722,428
Non-current liabilities	9,590,891	17,911,883
TOTAL LIABILITIES	**24,666,355**	**20,634,311**
TOTAL NET ASSETS	**2,907,667**	**9,550,551**
EQUITY		
Issued capital	46,512,906	41,991,364
Share based payment reserve	1,246,264	1,256,399
Accumulated losses	(44,851,503)	(33,697,212)
TOTAL EQUITY	**2,907,667**	**9,550,551**

Note 29 Parent entity disclosure (continued)

	$	$
Statement of Profit or Loss and Other Comprehensive Income		
Total loss, net of tax	(11,154,291)	(10,045,307)
Loss for the year	(11,154,291)	(10,045,307)

The Parent has not entered into any guarantees with any of its subsidiaries (2021: None).

The Parent has no contingent liabilities as at year end (2021: None).

Note 30 Commitments and contingent liabilities

Commitments

A contract to construct the Gingin Landfill was awarded to Sbang Australia Pty Ltd (SBA) in March 2020. The contract value has a fixed price of $9,600,000. However, as the project progressed, SBA advised the Company of certain additional costs which increased the total contract spend to $10,800,000 due to contract variation and time delays. As at the date of reporting, all these costs have been identified and accounted for. Further to this, miscellaneous projects totaling $906,544 are being completed before a formal application to DWER is made for issuance of the license. As a result, the net commitment is $906,544 at 30 June 2022.

Guarantees

The Group has provided the following bank guarantees at 30 June 2022:

- the Minister for Environment and the Chief Executive Officer of the Office of the Department of Water and Environmental Regulation (DWER) as required by regulatory authorities for the construction of the landfill facility for $3,500,000 (2021: $3,500,000).
- the landlord of the Maddington facility pursuant to the lease agreement for $406,500 (2021: $406,500).

Contingent liabilities

Fernview Environmental Pty Ltd, a wholly owned controlled entity, has a royalty agreement whereby it will pay Fernview Development Group Pty Ltd (an unrelated party) a royalty of $1.50 per tonne based on the number of tonnes of waste received at the Gingin Landfill Facility. Payment is contingent on the completion of the Gingin Landfill Facility and the commencement of operations with the receipt of waste.

The Group does not have any other contingent liabilities as at balance sheet date and none have arisen since balance sheet date to the date of signing the Directors' Report.

Note 31 Controlled entity

The consolidated financial statements incorporate the assets, liabilities and results of the following controlled entity in accordance with the accounting policy described in Note 2 (b):

Name	Country of incorporation	Percentage owned **30 June 2022**	**30 June 2021**
Fernview Environmental Pty Ltd (ACN 617 674 469)	Australia	100%	100%

Note 32 Financial risk management

The Group's principal financial instruments comprise cash, receivables, payables, borrowings and lease liabilities. The Group manages its exposure to key financial risks in accordance with the Group's financial risk management policy. The objective of the policy is to support the delivery of the Group's financial targets whilst protecting its future financial security.

The main risks arising from the Group's financial instruments are credit risk and liquidity risk. The Group uses different methods to measure and manage different types of risks to which it is exposed. These include:

- aging analyses and monitoring of specific credit allowances are undertaken to manage credit risk.
- liquidity risk is monitored through the development of future rolling cash flow forecasts.

Credit Risk

Credit risk arises from the financial assets of the Group, which comprise cash and cash equivalents and trade and other receivables.

Credit risk in respect of trade and other receivables arises when a customer fails to meet its contractual liabilities. The Group is exposed to such risk. However, the Group seeks to minimise/reduce this risk by setting credit limits and focussing on having a broader rather than narrow number of customers.

The Group's exposure to credit risk arises from potential default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. Exposure at reporting date is addressed in each applicable note.

The Group considers the probability of default upon initial recognition of a financial asset and whether there has been a significant increase in credit risk on an ongoing basis throughout the reporting period.

Except for trade receivables, contract assets and other short-term receivables (see below), ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. In making this assessment, the Group considers information that is reasonable and supportable, including historical experience and forward-looking information. In particular, the Group takes into account the counterparties external credit rating (as far as available), actual or expected significant changes in the operating results of the counterparty and macroeconomic when assessing significant movements in credit risk.

Market Risk

Market risk comprises two types of risk: interest rate risk and other price risk. For the Group, market risk comprises of interest rate risk. Financial instruments affected by market risk include loans and borrowings, deposits, and debt.

Interest Rate Risk

The Group's exposure to the risk of changes in market interest rates is restricted to cash and cash equivalents of $11,596 (2021: $1,815,095). As all borrowings are on fixed rates, there is no significant interest rate risk at the balance sheet date.

Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. It is the Group's policy to maintain sufficient funds in cash and cash equivalents to meet the financial obligations. Management prepares and monitors rolling cash flows and regularly reviews existing funding arrangements to manage this risk. M8H provided the Company with a $4,000,000 loan facility on 3 September 2019 which was approved by the shareholders on 5 June 2020. In October 2021, the Company issued a letter to M8H seeking to draw down on the loan facility. As at 30 June 2022, the amount drawn down totaled $2,350,000.

During the prior financial year, the Group obtained a loan from Remagen Capital Management Pty Limited for $11,000,000 which has a term of 24 months. As at 30 June 2022, balance of loan from Remagen Capital Management Pty Limited was $10,531,935 (Note 20).

Note 32 Financial risk management (continued)

Liquidity Risk (continued)

The table below summarises the maturity profile of the Group's financial liabilities based on undiscounted payments:

30 June 2022	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
	$	$	$	$	$
Trade payables	3,642,556	4,496,540	-	-	8,139,096
Accrued and other payables	1,096,650	58,500	97,500	-	1,252,650
Term borrowings	120,086	214,092	492,645	-	826,823
Loan from Remagen	1,200,000	9,954,871	-	-	11,154,871
Loan from M8 Holding Ltd (Thailand)	2,421,123	-	-	-	2,421,123
Lease liabilities	426,858	1,280,573	4,915,000	6,877,832	13,500,263
	8,907,273	**16,004,576**	**5,505,145**	**6,877,832**	**37,294,826**

30 June 2021	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
	$	$	$	$	$
Trade payables	1,049,491	39,504	-	-	1,088,995
Accrued and other payables	423,259	-	-	-	423,259
Term borrowings	104,492	214,092	778,101	-	1,096,685
Loan from Remagen	600,000	1,800,000	11,154,871	-	13,554,871
Lease liabilities	433,925	1,301,774	4,598,000	7,860,833	14,194,532
	2,611,167	**3,355,370**	**16,530,972**	**7,860,833**	**30,358,342**

Fair value

The methods for estimating fair value are outlined in the relevant notes to the financial statements. The carrying amounts of financial assets and liabilities of the Group carried at amortised cost approximate their fair values.

Note 33 Events after the reporting period

Except for the transactions noted below, no material transactions have occurred since 30 June 2022 and the date of the approval of the financial statements which the Directors consider require disclosure.

- on 16 August 2022, the Company reported that the minimum subscription of $8 million associated with the renounceable pro rata rights issue that was announced on 23 May 2022 had not been achieved. As a result, the issue did not proceed and all monies received were refunded to eligible shareholders.

- on 19 August 2022, the Company announced that it had entered into a $10 million convertible note facility with its largest shareholder M8H. 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

Note 33 Events after the reporting period (continued)

- security - 2nd 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

- following the execution of the convertible note facility, the M8H $4 million loan has ceased. The amount drawn down on the loan has been transferred to the convertible note facility.

- 25% deferral of director fees and executive salaries was extended from 1 July 2022 to the commencement date of operational activities at Gingin landfill facility.

- In August 2022, the employment contracts for Messrs Tomasz Rudas and Vijay Joshi were extended by 7 months to 31 March 2023 on the same terms and conditions.

- On 30 September 2022, the Company received a firm commitment from Adroit Capital Group ESG Pty Ltd, a professional investor, to raise $500,000 through a placement of 71,428,521 fully paid ordinary shares in the Company (Placement Shares). The Placement Shares will be issued at a price of $0.007 each under the Com-pany's available placement capacity pursuant to ASX Listing Rule 7.1.

Shareholder Information

as at 30 September 2022

TWENTY LARGEST SHAREHOLDERS

		Ordinary Shares	
Rank	**Name**	**Number**	**% of Total**
1	M8 HOLDING LIMITED	166,430,076	34.88
2	STAR UNIVERSAL NETWORK PUBLIC COMPANY LIMITED	23,900,000	5.01
3	CHESAPEAKE CAPITAL LTD	12,000,000	2.51
4	MR MARX LIN	9,597,603	2.01
5	KINGSLEY CRAIG FLUGGE AND MARGARET FLUGGE<FLUGGE SUPER FUND A/C>	8,351,526	1.75
6	GE EQUITY INVESTMENTS PTY LTD	8,100,000	1.70
7	JASPER HILL RESOURCES PTY LTD<SUPERANNUATION ACCOUNT>	7,700,000	1.61
8	T T NICHOLLS PTY LTD<SUPERANNUATION ACCOUNT>	7,500,000	1.57
9	FUTURE SUPER PTY LTD<JWS SUPER FUND A/C>	7,000,000	1.47
10	CG NOMINEES (AUSTRALIA) PTY LTD	6,835,000	1.43
11	ALDERHAUS PTY LTD	6,000,000	1.26
12	ATHUKORALA HOLDINGS PTY LTD	5,363,104	1.12
13	SUMMERSET GLOBAL LTD	5,010,008	1.05
14	CITICORP NOMINEES PTY LIMITED	4,757,458	1.00
15	MR WAYNE STEPHEN AKEROYD	4,597,365	0.96
16	MR KINGSLEY CRAIG FLUGGE AND MRS MARGARET FLUGGE	4,229,709	0.89
17	MRS CHERYL LEE AND MR RYAN LEE<SIMON LEE FOUNDATION A/C>	3,850,000	0.81
18	MR MICHAEL FRANK MANFORD<NO 2 A/C>	3,326,300	0.70
19	MR JOHN ANDREW MCPHEE	3,000.000	0.63
19	THE CONSTANTINE FAMILY FOUNDATION PTY LTD<CONSTANTINE FOUNDATION A/C>	3,000,000	0.63
19	THANAWAN TIEWANICHKUL	3,000,000	0.63
	Largest Twenty Holders of Fully Paid Ordinary Shares	**303,548,149**	**63.61**
	Total Remaining Holders Balance	**173,661,521**	**36.39**
	Total Fully Paid Ordinary Shares on Issue	**477,209,670**	**100.00**

DISRIBUTION OF SHAREHOLDING

Size of Holding	Number of Holders	%	Number of Shares	%
1 – 1,000	16	2.17	562	0.00
1,001 – 5,000	37	5.03	136,517	0.03
5,001 – 10,000	39	5.30	321,140	0.07
10,001 – 100,000	319	43.34	16,001,685	3.35
100,001 and over	325	44.16	460,749,766	96.55
	736	100.00	477,209,670	100.00

Shareholder Information
as at 30 September 2022 (continued)

DISRIBUTION OF SHAREHOLDING (continued)

	Minimum Parcel Size	Number of Holders	Number of Shares
Unmarketable Parcels (Holdings less than a marketable parcel of the Company's ordinary shares ($500 in value) based on a closing price of $0.0060 per share as at 30 September 2022)	83,334	351	10,658,734

SUBSTANTIAL SHAREHOLDERS

The Company's register of substantial shareholders showed the following particulars as at 30 September 2022:

Name of Substantial Shareholder	Extent of Interest (Number of Shares)	Date of Last Notification
M8 Holding Limited	83,215,038	12.12.2019
Star Universal Network Public Company Limited	23,900,000	13.12.2019

STATEMENT OF QUOTED SECURITIES

The Company's total number of shares on issue as at 30 September 2022 was 477,209,670 fully paid ordinary shares held by 736 individual shareholders.

UNQUOTED EQUITY SECURITIES

The Company had the following unquoted securities as at 30 September 2022:

Options	Number of Options	Number of Holders
Issued pursuant to the Company's prospectus dated 30 October 2019 - expiring 4 December 2022	20,000,000	5
Issued pursuant to the Company's prospectus dated 25 June 2021 - expiring 2 August 2024	10,000,000	1

STATEMENT OF RESTRICTED SECURITIES

The Company did not have any restricted securities as at 30 September 2022.

SHARE BUY BACK

The Company does not have a current share buy- back arrangement in place.

VOTING RIGHTS

Each member present at a general meeting of the Company in person or by proxy, or by attorney or, in the case of a corporation, by representative is entitled:

– on a show of hands – to one vote

– on a poll – to one vote for each share held

Corporate Directory

M8 Sustainable Limited
ABN 12 620 758 358

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Unit 5, 145 Walcott Street
Mount Lawley WA 6050

Principal Administrative Office and Place of Business
Unit 1, 48 Kelvin Road
Maddington WA 6109
Telephone: + 61 8 6140 9500

Website
www.m8sustainable.com.au

Secretary
John Colli

Auditors
Ernst & Young
11 Mounts Bay Road
Perth WA 6000

Share Registry
Computershare Investor Services Pty Limited
Level 11, 172 St Georges Terrace
Perth WA 6000
Telephone: 1300 850 505(within Australia)
+ 61 3 9415 4000(from overseas)
Email: web.queries@computershare.com.au
Website: www.investorcentre.com

Securities Exchange Listing
The Company's shares are listed on the Australian Securities Exchange and trade under the code M8S. The home exchange is Perth.

Shareholder Enquiries
Shareholders wishing to enquire about their shareholdings or make changes to their personal particulars (eg address, instructions to receive communications by email, etc) should contact the Company's share registry.

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