

Medibio Limited

ACN 008 130 336

SUPPLEMENTARY PROSPECTUS

Important Information

This is a supplementary prospectus (**Supplementary Prospectus**) intended to be read together with the prospectus dated 26 February 2021 (**Prospectus**) issued by Medibio Limited ACN 008 130 336 (**Company**) which was lodged with the Australian Securities and Investments Commission (**ASIC**) on that date.

This Supplementary Prospectus is dated 31 March 2021 and was lodged with ASIC on that date under section 719 of the Corporations Act. ASIC and ASX, and their respective officers take no responsibility for the contents of this Supplementary Prospectus.

This Supplementary Prospectus should be read together with the Prospectus. Other than as set out below, all details in relation to the Prospectus remain unchanged. Terms and abbreviations defined in the Prospectus have the same meanings in this Supplementary Prospectus. If there is a conflict between the Prospectus and this Supplementary Prospectus, this Supplementary Prospectus prevails.

The Company has issued both a printed and electronic version of this Supplementary Prospectus and the Prospectus. Electronic versions may be accessed at www.medibio.com.au.

This is an important document and should be read in its entirety. If you do not understand it, you should consult your professional advisers without delay.

Purpose

The Company has issued this Supplementary Prospectus for the purpose of updating investors that the Company intends to accept applications under the Share Purchase Plan Offer offered under the Prospectus (**SPP Offer**) up to a total amount of \$1,000,000, as a result of the Company exercising its discretion as set out in Section 5.7 of the Prospectus to raise more funds under the SPP Offer than the original amount of \$500,000. SPP Shares and SPP Options subscribed for under the increased SPP Offer will be issued under the Company's available placement capacity under ASX Listing Rules 7.1 and 7.1A.

Increase to SPP Offer limit

The Company is pleased to announce that it has received strong support from its shareholders under the SPP Offer. As at the date of this Supplementary Prospectus, the Company has received applications for \$1.54 million which is above the initial offer to raise \$500,000. This is an outstanding result for the Company and reflects the positive outlook for the Company's future.

Due to this strong demand, the Board has resolved to exercise its discretion (as set out in Section 5.7(a) of the Prospectus) to increase the amount of funds to be raised under the SPP Offer from \$500,000 to up to a maximum of \$1,000,000. The increase of the SPP Offer amount is subject to the Company's available placement capacity at the time of issuing securities under the SPP Offer. The Company reserves its discretion to undertake a scale-back to the extent and in the manner it sees fit, such as where total applications exceed \$1,000,000.

The Board considers that the increase of the size of the SPP Offer to \$1,000,000 to be a more equitable approach to Shareholders as opposed to scaling back applications to \$500,000.

The SPP Offer closed on 26 March 2021 and all other terms of the SPP Offer remain unchanged.

Key Information

Updated effect of the Offer

The Company now seeks to raise up to \$1,000,000 under the SPP Offer. Assuming the entire amount of \$1,000,000 is raised under the SPP Offer, and all applicants apply for both SPP Shares and free attaching SPP Options:

- (a) the total number of SPP Shares to be issued will be 111,111,051; and
- (b) the total number of free attaching SPP Options to be granted will be 27,777,676.

Capital structure

The table below sets out the effect on the share capital structure of the Company upon completion of the Offers assuming \$3 million (before costs) is successfully raised under the Placements, \$1 million is successfully raised under the SPP Offer, all Broker Options are issued and all of the resolutions at the GM in connection with the Company's issue of Shares and Options under the SPP Offer and Placement, and the issue of the Broker Options are approved by Shareholders:

Shares	Number
Shares on issue as at the date of Prospectus ^{1, 2}	1,569,884,791
SPP Shares to be issued under SPP Offer	111,111,051
Shares to be issued to Placement Participants (tranche 2)	111,111,111
Total	1,792,106,953

Notes:

- 1. This includes 222,222,222 Shares issued to Placement Participants under the first tranche of the Placement as announced to the ASX on 10 February 2021.
- 2. This assumes no existing Options are exercised prior to the Record Date.

Fully diluted capital structure

The table below sets out the fully diluted capital structure of the Company upon completion of the Offers assuming:

- (a) an amount of \$3 million is successfully raised under the Placement;
- (b) an amount of \$1 million is raised under the SPP Offer;
- (c) all SPP Options offered under the Prospectus, Options offered under the Placement and the Broker Options are subscribed for and granted;
- (d) all of the resolutions at the GM in connection with the Company's issue of Shares and Options under the SPP Offer and Placement, and the issue of the Broker Options are approved by Shareholders; and
- (e) all Options are exercised (including Options issued under the Placement, the SPP Offer and the Broker Options).

Equity securities	Number
Shares on issue as at the date of Prospectus ¹	1,569,884,791
SPP Shares to be issued under SPP Offer	111,111,051
Shares to be issued to Placement Participants (tranche 2)	111,111,111
Other Options on issue ²	944,115,632
SPP Options ³	27,777,676
Options issued under Placement to Placement Participants ⁴	83,333,333
Broker Options ⁵	94,000,000
Total Shares (on a fully diluted basis)	2,941,333,594

Notes:

1. This includes 222,222,222 Shares issued to Placement Participants under the first tranche of the Placement as announced to the ASX on 10 February 2021.
2. Upon the exercise of such Options, the Company will receive additional capital of approximately \$28.6 million from the exercise price payable by the respective holders of the Options in order to exercise the relevant Options.
3. Upon the exercise of such Options, the Company will receive additional capital of approximately \$208,333 from the exercise price payable by the holders of the SPP Options in order to exercise the relevant Options.
4. Upon the exercise of such Options, the Company will receive additional capital of approximately \$1.25 million from the exercise price payable by the Placement Participants in order to exercise the relevant Options.
5. Upon the exercise of such Options, the Company will receive additional capital of approximately \$1.41 million from the exercise price payable by the holders of the Broker Options in order to exercise the relevant Options.

Use of Funds

The proceeds from the additional \$500,000 to be raised under the SPP Offer will be used in the same manner as the initial SPP Offer proceeds of \$500,000, being to undertake the "Sleep Analysis of Depressive Burden" (SADB) trial; undertake commercialisation activities for the Company's MEBsleep and ilumen™ products, complete the development of the Company's consumer application and for general working capital. The additional working capital will enable the continued growth of the Company's current products alongside its future products.

Updated Pro-forma Balance Sheet

The pro-forma balance sheet in Section 6.7 of the Prospectus and accompanying commentary is deleted and replaced with the following:

6.7 Pro-forma Balance Sheet

The audited balance sheet for the Company as at 31 December 2020, as per the half yearly report for the half year ending 31 December 2020, and the unaudited and unreviewed pro-forma balance sheet shown below, have been prepared on the basis of the accounting policies normally adopted by the Company and reflect the changes to its financial position.

The pro-forma balance sheet has been prepared on the basis of the following key assumptions (as if they had occurred as at the balance date of 31 December 2020):

- (a) an amount of \$3,000,000 is successfully raised under the Placement;
- (b) an amount of \$1,000,000 is raised under the SPP Offer;

- (c) all SPP Options offered under the Prospectus, Options offered under the Placement and the Broker Options are subscribed for and granted; and
- (d) all of the resolutions at the GM in connection with the Company's issue of Shares and Options under the SPP Offer and Placement, and the issue of the Broker Options are approved by Shareholders.

The pro-forma balance sheet has been prepared to provide investors with information on the assets and liabilities of the Company and pro-forma assets and liabilities of the Company as noted below. The historical and pro-forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

Pro-forma Adjustments					
	31 December 2020 (\$)	Adjustment 1 - Proceeds from Offer	Adjustment 2 - Costs of the Offer	Adjustment 3 - Broker Options	31 December 2020 (Pro forma)(\$)
Current Assets					
Cash and cash equivalents	832,359	4,000,940	(337,008)		4,833,299
Trade and other receivables	40,480				40,480
Other current assets	45,482				45,482
Total Current Assets	918,321				4,919,261
Non-Current Assets					
Other assets	2,350				2,350
Right-of-use assets	16,832				16,832
Intangible assets	13,616,160				13,616,160
Total Non-Current Assets	13,635,342				13,635,342
Total Assets	14,553,663				18,554,603
Current Liabilities					
Trade and other payables	1,052,700				1,052,700
Lease liabilities	18,265				18,265
Employee Liabilities	154,328				154,328
Total Current Liabilities	1,225,293				1,225,293
Total Liabilities	1,225,293				1,225,293
Net Assets	13,328,370				17,329,310
Equity					
Issued and paid up capital	93,008,255	4,000,940	(337,008)	(660,423)	97,009,195
Reserves	5,444,852			660,423	5,444,852
Accumulated losses	(85,124,737)				(85,124,737)
Total Equity	13,328,370				17,329,310

Note 1:

This assumes \$3,000,000 raised under the Placement, \$1,000,000 raised under the SPP Offer, and \$940 raised under the CPS Options.

Note 2:

This is an estimate of the costs of the capital raise, which includes Broker fees, legal fees, share registry fees and ASIC/ASX fees.

Note 3:

Represents the 94,000,000 Options to CPS Capital at an issue price of \$0.00001 (0.001 cent) per Option, provided in connection with the Company's capital raising. The value has been calculated using the Black Scholes method using a volatility of 135% on the assumption that the entire 94,000,000 Options are granted to CPS. Note that the value is subject to change pending the valuation inputs including timing of issue noting that Tranche one of the options (59,114,285) have been issued with the remaining 34,885,715 to be issued subject to shareholder approval.

Authorisation

This Supplementary Prospectus is issued by the Company. In accordance with section 720 of the Corporations Act, each Director has authorised and consented to the lodgement of this Supplementary Prospectus with ASIC and has not withdrawn that consent prior to lodgement.

Signed for and behalf of the Company by:



Claude Solitario
Managing Director and CEO

Dated: 31 March 2021