



m2m Corporation Limited
ABN 34 006 648 835

21 December 2009

**THE MANAGER
COMPANY ANNOUNCEMENTS OFFICE
ASX LIMITED**

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Dear Sir/Madam

re : m2m Corporation Limited

INVESTMENT SUMMARY UPDATE – m2m’s CARBON BUSINESS

m2m Corporation Limited (“MCL”) has prepared and now encloses for release to the market an investment summary of its existing carbon business activities, progress and prospects.

Enquiries:

Ian Clarkson (Executive Chairman) 0438 399 751

Peter Saunders (CEO) 0416 228 404

Yours faithfully
m2m Corporation Limited

A handwritten signature in black ink, appearing to read 'Mourice Garbutt'.

Mourice Garbutt
Company Secretary

m2m\asx\pp investment summary – update 21 12 09

About m2m Corporation Limited

m2m Corporation Limited (ASX: MCL) (“m2m” or “the Company”) is an ASX-listed investment company.

Rain Forest Carbon Credits Projects

Through its 100% owned subsidiary m2m Ventures Pty Ltd (“m2v”) it provides a project facility and development assistance to Nupan Trading Corporation, a project developer operating in the South Pacific region and Asia.

The developer’s projects cover a range of industries, technologies and countries. The initial focus is on projects for the development of carbon credits from rainforests, with forecast project lives well in excess of 20 years.

The first of these projects is expected to be completed by March 2010. Based on current pricing for the project rights, it will give m2v an income stream of approx \$0.821 million per annum. The income stream will be initially approved for five years, with further extension subject to on-going compliance. Sales are also forecast to repay the project’s advances. The parties expect to apply these repayments through the revolving facility, in additional projects which will be concluded progressively every 60-90 days, building a book of projects with a forecast annual yield in excess of \$4 million by December 2010 and enable the m2m group to achieve profitability.

The Company also has active investments in telecommunications and broadband telephony, online portal and software development and digital video.

A significant investment is “Bluefish” which is the professional’s choice, market leader in the development and supply of high definition and standard definition video cards to film and broadcasting specialists worldwide. Its cutting edge products are highly regarded in the industry and are used by major film studios and broadcasters like Sony PCL and Channel 7.

For more information, please visit: www.m2mcorp.com.au; www.Sipme.vn and www.Bluefish444.com



INVESTMENT SUMMARY

- m2m's CARBON BUSINESS

“preventing deforestation and preventing the release of carbon emissions into the atmosphere is the mitigation option with the largest and most immediate carbon stock impact in the short term per hectare and per year globally” (UNFCCC web site)

“The Australian Department of Climate Change announced its acceptance of ... VCS VERs as eligible for their National Carbon Offset Standard recently. This endorsement indicates the growing acceptance of the quality of certain voluntary carbon standards ... Such developments do not go unnoticed in Washington where an intensive lobbying effort on behalf of various carbon standards is succeeding in developing a positive consensus with legislators.”
(PointCarbon Dec 2009)

m2m Corporation Limited (ASX:MCL)

Ian Clarkson | Executive Chair

Peter Saunders | CEO

21 December 2009

m2m CORPORATE SUMMARY



What we do -

“develop with expert partners large carbon credits projects for sale to international markets”

Shares on issue : 1,707 million
 Price range Nov '09 : 0.3 - 0.5 cents

	No.	Price	Expiry
Options (MCLO)	29.7m	20 cents	Feb '10
Options (MCLAI)	0.5m	30 cents	Apr '10
Directors options			
MCLAM	10m	0.3 cents	Dec '10
MCLAO	6.1m	0.4 cents	Dec '11
MCLAK	6.7m	0.5 cents	Dec '12

Board and Management

Board	Ian Clarkson	Exec Chair
	Tim Lebbon	Non-exec
	David Glavonjic	Non-exec
CEO	Peter Saunders	

Projection 2010 Calendar year

Revenue : increase to \$5.4m
 Opex : \$1.7m

\$1.25m
 Convertible
 Note

Renegotiated term - to be repaid Q1 \$350k, and in each of Q2-4 \$300k from 2010 cash surplus

Top 20 holders	45.7%	780 m shares
Top 50 holders	60%	1,024 m shares
Directors' holding ¹	16%	274 m shares



BUSINESS HIGHLIGHTS



- 20+ year exclusive joint development agreement to create and trade carbon from rainforest portfolio :
 - SEA operator with strong landowner/government support
 - current projects over 10m hectares & equivalent area under negotiation
 - potential credits yield >200m per annum over 3-5 years
 - m2m provides revolving \$3.3m facility and support
 - m2m has 3% of sales proceeds annually on **all** projects
 - m2m preferred rights to provide goods & services to projects
- long term agreement with internationally accredited expert for project development & certification services for the portfolio
- 2010 - launch year :
 - Q1 - development methodology to meet international standards
 - independent expert confirms scalable development processes
 - completion of 15+ projects yielding up to 140m credits
 - industry forecast voluntary price - US\$4-10/credit
 - existing contract for 10m credits @ ~US\$5/credit to be delivered
 - projected sales: 38 m credits at ~A\$5/credit → m2m EBIT \$3.9m
- subsequent years – self funding :
 - credits created: 50 - 100 million credits in 2nd year
 - by end year 2: annual credits 200+m
 - further growth in projects & in project yields
 - price growth on forestry credits entering mandatory ETS



INDUSTRY PARTICIPANTS

NAME	CODE	BUSINESS PROPOSITION	VALUATION METRICS (early entrants in a global growth industry)
CO2 Group Ltd	COZ (ASX)	planting mallee trees as carbon sinks pursuant to long term supply contracts to meet clients' forecast carbon costs	<ul style="list-style-type: none">• 2011 forecast NPAT \$8m• 2012 forecast NPAT \$21m• Market cap \$155m• FY11 (forecast) PE 19.3X
Camco International Limited	CAO (AIM)	“identifying and developing greenhouse gas emission reduction projects ” ie funding CDM projects to secure carbon credits and trading the resulting book	<ul style="list-style-type: none">• 2008: Rev £40m profit £2m• 2009: forecast loss £10m• Aug '09 cash at £18m• Market cap £35M• 150M carbon credit portfolio
EcoSecurities plc	ECO (LSE)	“source develop and trade emissions reductions worldwide”	<ul style="list-style-type: none">• JP Morgan acquires Nov '09 for £129m• PE ~ -4.06
Macquarie Bank (Indonesia project)		“4 forest - preservation projects in Indonesia with Fauna and Flora International aim to yield ~13 m carbon credits a year “	<ul style="list-style-type: none">• annual 13 m CO2 offsets• projects aims to save 0.4 m ha



MARKET*

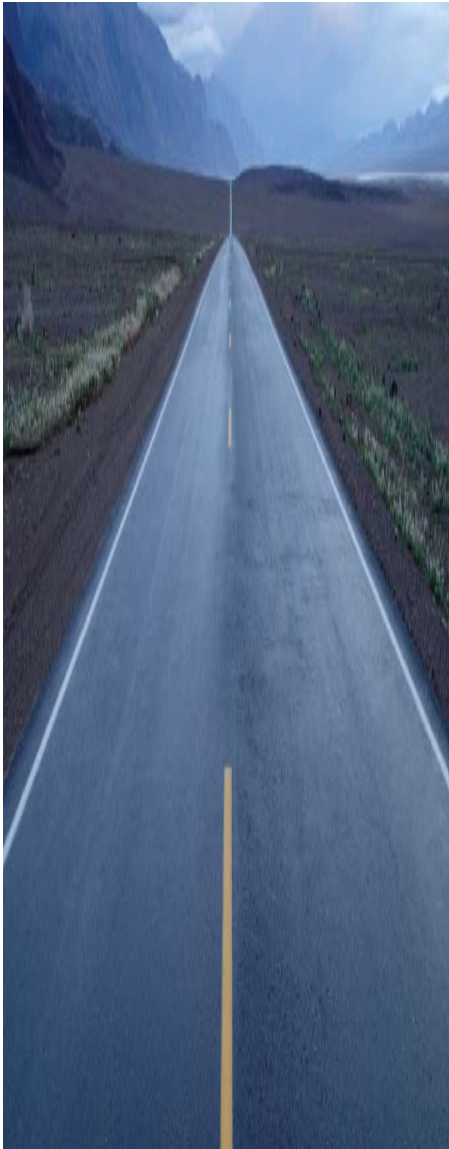


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- Response to Global warming - international treaties (eg Kyoto protocol) require governments' commitment to:
 - reduce green-house gas emissions
 - legislate for their country to achieve reductions
- Consensus developing for “cap and trade” (ETS) models:
 - Government “caps” (ie allows) emission at a target that reduces over time
 - emitters with > cap - must “trade” (ie buy credits to “offset”)
 - emitters with < cap – may sell their savings (offsets)
 - Government specifies allowable offsets (called “complying credits”)
- Even without legislation, emitters “voluntarily” reduce emissions for marketing and CSR
- 2008: market size US\$116billion (the EU was the only major market with mandated compliance)

*Current complying market

MARKET GROWTH DRIVERS



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**2020: Forecast
demand for credits
US\$2-3 trillion***

- US proposes 17% emissions reduction & ETS to ensure compliance
- Japan proposes 25% emissions reduction & ETS to ensure compliance
- EU proposes shipping and aviation included in emissions reductions (~5% of global emissions)
- industry recovering from GFC
- EU penalty €40 increasing to €100/offset
- compliance credits - €13 (US\$20)/credit (in 2008 range was €10-25/credit)
- voluntary credits – US\$5-8/credit

But where will credits come from...

- forecast compliance cost huge
- limited political will to increase industry cost – keep price low
- forecasts of insufficient supply of “complying” offsets
- increasing costs for marginal emissions reductions
- US & Japan proposals allow foreign offsets
- definition of “complying credit” – must be expanded to increase supply
- countries working towards new framework for 2013-20

*Complying market figures-Forestry credits expected to be complying during this time period

THE FORESTRY SOLUTION



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- EU ETS: excludes forest offsets - only voluntary sales made
- International recognition that existing sources of offsets won't be sufficient & definitions must be expanded, eg
 - forest preservation (eg UN REDD¹)
 - carbon sequestration (storage)
- By including forestry credits in mandatory schemes:
 - Provides economic incentive to reduce deforestation - currently causes ~20% of annual emissions
 - rewards storage of carbon in growing forests – same logic as “reforestation” which is already in mandatory schemes
 - “saving forests” highly emotionally - making resulting credits highly marketable
 - forest preservation has strong social and bio-diversity preservation value increasing market value
 - strong certification process answers criticisms of many existing CDM and forestry projects
 - forestry credits are immediately available, measurable & of sufficient volumes to bridge the forecast shortfall
 - longevity allows long-term supply contracts and price stability

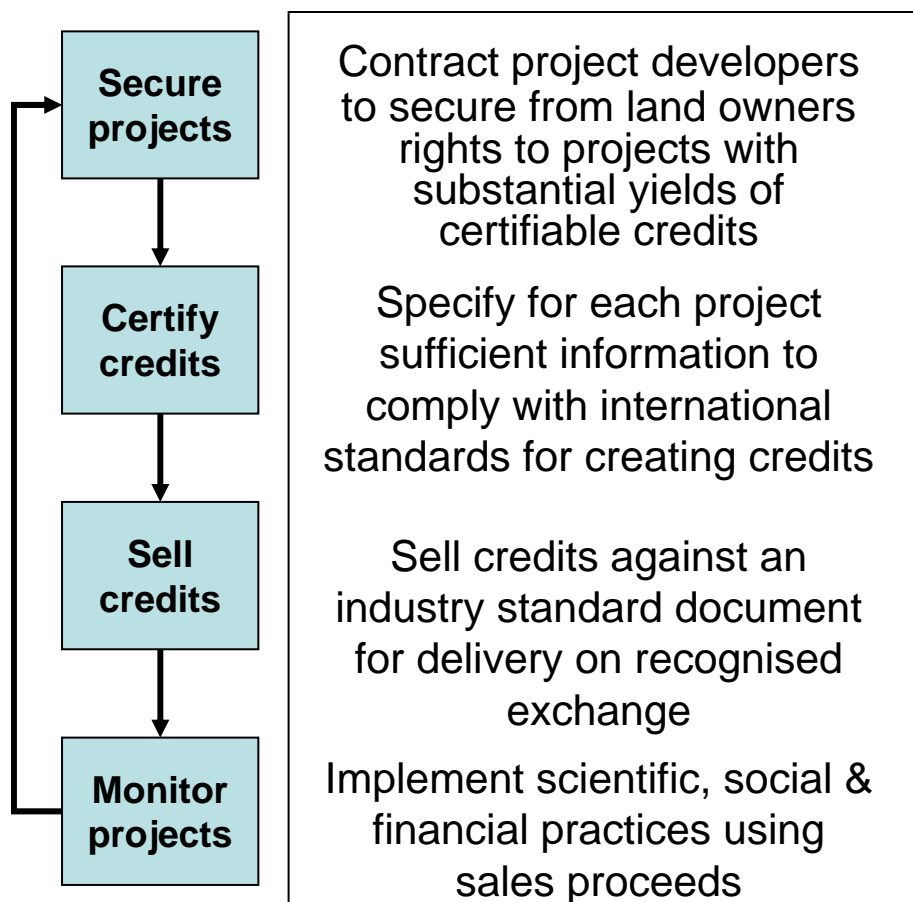
1. UN REDD (Reducing Emissions from Deforestation and Forest Degradation) is the UN sponsored protocol proposed for preserving forests (esp. rain forests) using a voluntary carbon market compensation mechanism



BUSINESS MODEL

Generic- Forestry Credits

Joint Venture Business



- 20+ year agreement for >15 SEA forestry portfolio with >200m credits pa over next 3-5 years for m2m's \$3.3m investment
- certification standards: - VCS and CCBS
- project management - expert forestry group
- 2010: credits registered by year end: 140m
- registered credits renew automatically for at least each of following 5 years
- sell to brokers/banks/etc or direct
- target pricing US\$5+/credit pa
- annual credits sold: 2010: 38m
- return: 3% of sales proceeds each year & interest on advances
- work with NGOs, government & land owners

1. VCS is the Voluntary Carbon Association's Standard the leader in certification of voluntary carbon credits . CCBS is the standard of the Climate Community and Biodiversity Association



SALES



- Market for forestry credits at voluntary stage
- Currently few/if any credits registered & industry practice of “forward” sales being developed
- Executed sale with major European corporate for 10m VCS credits at ~US\$5/credit with delivery by 31 Dec 10; m2m fee from this sale \$1.5m+ repayment of initial advances
- Increasing interest from brokers/banks in Europe, US & Japan seeking credits:
 - diversify portfolio
 - support voluntary market transactions
 - anticipation of compliance under national ETS
- Forestry offsets allow long term certainty in volume and price
- Credits recorded for sale on independent registry
- Emerging international consensus on contract form: based on energy commodity trading & EU compliance-credits contracts
- Multiple year forward contracts anticipated after certification of first project announced in Q1 2010



PROJECT STATUS



- Projects secured :
 - initial project in certification process ~6m credits pa
 - further 15+ projects scoped – target 150m credits pa
 - potential projects target further 100m credits pa
- Expert consultant contracted to developments:
 - competency established by one of the largest international certification companies
 - independent forestry experts endorse approach
 - process allows >15 projects pa, completing 1 every 6 weeks
 - completed site inspection/ project pre-review
 - process & external relationships established
- Methodology :
 - approach integrates previously approved modules and adheres tightly to VCS and CCBS
 - expert group review complete 1 week ahead of plan
 - validator briefed – target completion Jan '10
- Project Design Document :
 - independent expert to approve process
 - format for verification prepared
 - verifier briefed – target completion Feb '10
- Sales :
 - initial sale made, subject to certification/delivery
 - Increasing interest from Europe/US

m2m - PROJECT FORECASTS



	Q1	Q2	Q3	Q4	2010
Credits sold	8m	9m	9m	12m	38m
	\$000's	\$000's	\$000's	\$000's	\$000's
ACCOUNTING					
Revenue	960	1,350	1,350	1,800	5,460
EBIT	566	967	984	1,436	3,952
CASH FLOW					
Trading receipts	960	1,350	1,350	1,800	5,460
Operational costs	(507)	(389)	(421)	(365)	(1682)
Net Advances	(530)	22	(949)	821	(636)
Repay convertible note ¹	(350)	(300)	(300)	(300)	(1,250)
Closing cash	884	1,568	1,247	3,203	3,203
Potential credits registered	2m	20m	51m	99m	

ASSUMPTIONS

- commence project spend Nov- Dec '09
- methodology approved Q1 '10
- first PDD approved Q1 '10
- price: Q1 A\$4/credit, Q2-4 A\$5/credit
- revenue: fee 3% of gross proceeds pa
- ~140m credits certified
- ~21% of credits created sold; balance available for sale - targeting higher price or long-term supply arrangements
- convertible note repaid not converted to equity
- operational cost include corporate costs, reduced by interest on advances
- costs include forecast additional staff and infrastructure to support growth



PROSPECTS

- certify credits to both VCS and CCBS – expected price increase US\$1.50/credit (equivalent increase in profits)
- certify larger scale projects – lower costs of credits production
- secure unequivocal Government support for projects & carbon trading – increase marketability of credits
- develop debt funding - increase profits
- post-Copenhagen if forestry credits adopted in mandatory schemes – price increase US\$3-6/credit
- increased m2m investment will increase rate of project certification
- extend projects development relationships to other developers – diversify supply, type of projects and increase turnover
- build and manage book of credits – potential profitability increase
- develop projects as a principal – higher investment rewarded with project proceeds share increasing to 20-30%

“develop with expert partners large carbon credits projects for sale to international markets”

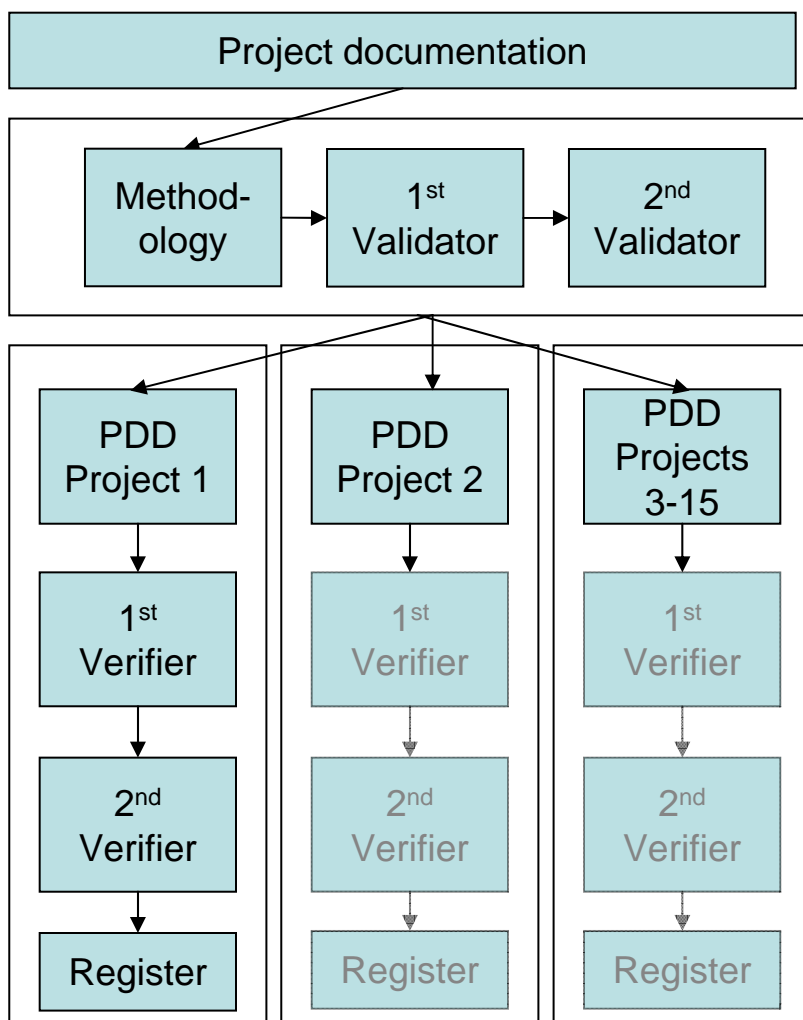


INVESTMENT SUMMARY

- TECHNICAL APPENDIX



VCS CERTIFICATION MODEL



Methodology

- generic approach esp. accounting for \pm GHG emissions
- independently “validated” by domain expert against policy and procedures specified by VCS
- key elements have 2nd validator
- modular approach - existing approved elements are re-used
- applicable for multiple projects with similar characteristics

Project Design Document (PDD)

- details the project (esp. incremental, maintainable and real savings)
- verified against the Methodology and the VCS policy and procedures
- confirms:
 - owners’ rights to land and credits
 - confirms model for equitable distribution of proceeds to owners
 - confirms model for on-going scientific scrutiny

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