

1. Compulsory restriction agreements

As at the date of this Release, there are approximately 1,230 security holders. CBio applied to ASX for a determination (or waiver as necessary), in relation to the restriction requirements under the Listing Rules. A determination (or waiver as necessary) from ASX has been received.

As a result of ASX's determination in relation to the restriction request under the Listing Rules, the company advises that 225 Shareholders holding a total of 14,956,997 Shares were required to enter into compulsory restriction agreements pursuant to which they have been restricted from dealing in Shares in CBio held by them at the date of this Release.

Similarly, 60 Option holders, holding a total of 19,867,954 Options, were required to enter into compulsory restriction agreements pursuant to which they have been restricted from dealing in Options in CBio held by them at the date of this Release.

4 existing convertible note holders were required to enter into compulsory restriction agreements pursuant to which they have been restricted from dealing with the convertible note instruments in respect of the Shares and Options for which the convertible notes may be converted.

Restriction agreements are in a form consistent with the Listing Rules and restrict the ability of these Share and/or Option holders to dispose of, create any security interest in or transfer effective ownership or control of, the restricted Shares and/or Options.

Further details of the escrow periods pertaining to each class of security holder is contained in the attached statement from Link Market Services to the ASX.

2. Employee Share Option Plan (ESOP)

The terms and conditions of the company's Employee Share Option Plan are detailed below:

Eligibility criteria

The ESOP will be open to eligible participants, namely full and part time employees (including Directors) of the Company and any subsidiaries.

Grant of Options

Options may be offered to eligible participants for no consideration or an specified option fee as the Board may determine appropriate. The offer must be in writing and specify, amongst other things, the number of Options for which the eligible participant may apply; the period within which the Options may be exercised and any conditions to be satisfied before exercise, the option expiry date (as determined by the Board) and the exercise price of the Options.

Exercise

The Options may be exercised in multiples of 100 (unless less than 100 are held), subject to any

exercise conditions nominated by the Board, by the participant giving a signed notice to the Company and paying the exercise price in full. The Company will apply for official quotation of any Shares issued on exercise of any Options.

Lapse

The Options shall lapse upon the earlier of the date specified by the Board or events contained in the ESOP rules, including within 30 days of ceasing employment, within 90 days of redundancy, death or disablement.

Rights of participants

Once Shares are allotted upon exercise of the Options, the participant will hold the Shares free of restrictions. The Shares will rank for dividends declared on or after the date of issue but will carry no right to receive any dividend before the date of issue. Should the Company undergo a reorganisation or reconstruction of capital or any other such change, the terms of the Options will be correspondingly changed to the extent necessary to comply with the Listing Rules. In the event of a change of control, the Board shall have discretion to deal with the Options, including allowing accelerated vesting or the issue of options in the substituted corporation. A holder of options is not entitled to participate in a new issue of Shares or other securities made by the Company to Shareholders merely because he or she holds Options.

Assignment

The options are not transferable or assignable without the prior written approval of the Board.

Administration

The ESOP will be administered by the Board which has an absolute discretion to determine appropriate procedures for its administration and resolve questions of fact or interpretation and formulate special terms and conditions (subject to the Listing Rules) in addition to those set out in the ESOP.

Termination and amendment

The ESOP may be terminated or suspended at any time by the Board. The ESOP may be amended at any time by the Board except where the amendment reduces the rights of the holders of Options.

Outstanding options

As at the date of this Release the Company had a total of 12,383,697 Options for current Directors, Executives and Employees issued under the ESOP.

3. Commitments

As at the date of this Release, the Company had unfinalised contracts involving clinical studies and the production and supply of Cpn10 for use in research and development and clinical studies. The

estimated remaining contracted costs to finalise these contracts amount to approximately \$3.8 million. It is expected that these contracts will be finalised by 31 March 2011. In 2005, the Company entered into a long-term property lease for purpose built facilities which will expire in March 2012. Current lease payments are approximately \$499,000 per annum. A portion of these facilities has been sub-leased until March 2010 with current lease payments of approximately \$131,000 per annum.

4. Options currently on issue

There are 25,684,849 Options currently on issue. These Options have exercise prices ranging between \$1.00 to \$3.00 per Option, and all expire on 31 December 2012. These Options are predominantly held by Directors and Employees with a lesser number being held by third parties, including persons who may have performed services for CBio and received Options as part payment or received Options as part of the terms of convertible notes that were offered by CBio.

Option terms

CBio has applied for quotation of 24,374,849 of \$1.00 Options with ASX. The terms on which the Options were issued include:

- The Options will expire at 5.00pm AEST on 31 December 2012 (Expiry Date). Options not exercised on that date shall lapse.
- There is no obligation to exercise the Options.
- The exercise price of \$1.00 or number of Options issued may be changed in accordance with Listing Rule 6.22 or any amendment of that rule from time to time.
- In the event of any reconstruction (including a consolidation, sub-division, reduction or return) of the issued capital of the Company, the rights of the Option holder will be changed to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital at the time of the reorganisation.
- An Option has no right to participate in a new issue of Shares unless that Option has been exercised.
- To exercise an Option, the holder must complete and execute a notice of exercise of Option in the form nominated by the Board, and must lodge the completed notice and payment of the exercise price at the Company's registered office or otherwise directed at any time prior to the Expiry Date.
- Shares issued on exercise of the Option will rank equally in all respects with other Shares on issue. The rights and liabilities attaching to the Shares issued upon exercise of the Options are set out below.

5. Convertible Notes

The Company has six (6) convertible notes held by four parties and with a total face value of \$4,225,000 on issue which may give rise to the issue of further equity (up to 8,450,000 Shares and 5,225,000 Options). The notes attract interest of 10% per annum is payable monthly. Details of the notes issued to each party is as follows:

Party	Number of Notes	Value Total \$	Conversion rate \$	Total Shares issued on conversion of all notes	Total Options issued on conversion of all notes	Option exercise price \$	Note expiry
1	2	2,000,000	0.50	4,000,000	2,500,000	1.00	31 Dec 2010
2	2	2,000,000	0.50	4,000,000	2,500,000	1.00	31 Dec 2010
3	1	125,000	0.50	250,000	125,000	1.00	31 Dec 2010
4	1	100,000	0.50	200,000	100,000	1.00	31 Mar 2010
	TOTAL	4,425,000		8,450,000	5,225,000		

The following features are specific to the individual notes, by reference to their 'Party' tranche as numbered above. Options are only issued upon conversion of notes to ordinary shares. Each Option vests on issuance with an exercise price of \$1.00 per Option and has a life to 31 December 2012:

Parties 1, 2 & 3

The term of the notes will be 31 December 2010, unless extended by mutual agreement. Notes may be converted to ordinary shares at any time at the discretion of the note holder and in the event of a stock exchange listing of CBio proceeding during the life of the convertible note. This discretion is permissible up to 31 December 2010. Any notes not converted by 31 December 2010 will be repaid in full to the note holder, unless extended by mutual agreement.

Party 4

The term of the notes will be 31 March 2010, unless extended by mutual agreement. Notes may be converted to ordinary shares at any time at the discretion of the note holder and in the event of a stock exchange listing of CBio proceeding during the life of the convertible note. This discretion will be permissible up to 31 March 2010. Any notes not converted by 31 March 2010 will be repaid in full to the note holder.