

10 June 2011

The Manager
Company Announcements Office
ASX Limited
20 Bridge St
SYDNEY NSW 2000

Dear Sir,

NOTICE OF MEETING

CBio Limited (ASX: CBZ) wishes to advise that a General Meeting of members will be held on Friday 15 July in the East Auditorium of the BTP Technology Conference Centre, 1 Clunies Ross Court, Eight Mile Plains. The meeting will commence at 11:00am. The Notice of Meeting and Proxy Form have been dispatched to shareholders today. A copy of the Notice of Meeting and Proxy form is attached to this announcement.

For and on behalf of the Board of CBio Limited

BEN GRAHAM

Company Secretary

COMPANY & INVESTOR RELATIONS
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Company Secretary
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About CBio

CBio is an Australian ASX listed company established in 2000. CBio's lead product XToll® is a potential new-generation drug therapy which could provide safer and more effective treatment of autoimmune diseases such as rheumatoid arthritis. It is currently being trialled in phase II clinical trials in patients with rheumatoid arthritis (RA). Global sales of RA therapies exceeded US\$17 billion in 2008.

Novo Nordisk A/S (Copenhagen: NOVO-B.CO; NYSE: NVO), a top 20 global pharmaceutical company and world-leader in diabetes care, has an exclusive option to enter into negotiations for a licence agreement for the intellectual property rights relating to XToll®.

CBio's Board includes internationally experienced drug developers including Dr Göran Ando, Vice-Chairman Novo Nordisk A/S (formerly president of R&D at Pharmacia/Pfizer and R&D director of Glaxo Group, UK); Dr Thomas Lönngrén (former Executive Director of the European Medicines Agency), Dr Terje Kalland (retired Vice President Biopharmaceuticals Research Unit- Novo Nordisk), Dr Peter Corr, Founder and co-General Partner of Celtic Therapeutics (formerly Senior Vice-President for Science and Technology at Pfizer and Chairman of the Board of Governors, New York

Academy of Sciences); and Professor John Funder, AO, Professor of Medicine at Monash University, Senior Fellow at Prince Henry's Institute of Medical Research (formerly Director of the Baker Institute, 1990-2001).

About Rheumatoid Arthritis

Rheumatoid Arthritis is a chronic autoimmune disease, mainly characterised by inflammation of the lining of the joints. It can lead to long-term joint damage, resulting in chronic pain, loss of function and disability. The effects of RA are systemic, which means it can affect other organs in the body, and cardiovascular dysfunction in addition to RA is common. RA symptoms can make even the simplest activities – such as opening a jar or taking a walk – difficult to manage. RA has a worldwide distribution with a prevalence of 1 to 2% – which currently equates to approximately 100 million people. Prevalence increases with age, approaching 5% in women over age 55. RA is two to three times more common in women than in men and generally occurs between the ages of 40 and 60, but it can also affect young children and older adults. Currently, there is no cure.

NOTICE OF GENERAL MEETING

CBio Limited ACN 094 730 417

Notice is given that the general meeting of CBio Limited (Company or CBio) will be held on Friday 15 July 2011 at the East Auditorium, BTP Technology Conference Centre, 1 Clunies Ross Court, Eight Mile Plains, Queensland, commencing at 11:00am (Brisbane time).

ORDINARY BUSINESS

1. RATIFICATION OF PRIOR ISSUE OF SECURITIES

To consider, and if thought fit, to pass the following ordinary resolution:

'That for the purposes of ASX Listing Rule 7.4 and for all other purposes, the prior issue of 15,350,616 fully paid ordinary shares and 2,169,109 options in the capital of the Company on the terms described in the Explanatory Memorandum accompanying this Notice, be ratified'.

2. APPROVAL FOR THE ISSUE OF SHARES TO MPAMM PTY LTD AND MP MONSOUR MEDICAL PRACTICE PTY LTD

To consider, and if thought fit, to pass the following ordinary resolution:

'That for the purposes of ASX Listing Rule 10.11, Chapter 2E of the Corporations Act and for all other purposes, approval is given for the issue of 100,000 fully paid ordinary shares in the capital of the Company to entities associated with Dr Michael Monsour, being MPAMM Pty Ltd and MP Monsour Medical Practice Pty Ltd, on the terms described in the Explanatory Memorandum accompanying this Notice'.

3. APPROVAL FOR THE ISSUE OF PERFORMANCE RIGHTS TO EMPLOYEES

To consider, and if thought fit, to pass the following ordinary resolution:

'That for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the issue of 1,900,000 performance rights to employees of the Company which only vest on the terms described in the Explanatory Memorandum accompanying this Notice'.

4. APPROVAL FOR THE ISSUE OF PERFORMANCE RIGHTS TO COMPANY SECRETARY- MR BEN GRAHAM

To consider, and if thought fit, to pass the following ordinary resolution:

'That for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the issue of 500,000 performance rights to the Company Secretary, Mr Ben Graham or his nominee, which only vest on the terms described in the Explanatory Memorandum accompanying this Notice'.

5. APPROVAL FOR THE ISSUE OF PERFORMANCE RIGHTS TO DIRECTOR - MR STEPHEN JONES

To consider, and if thought fit, to pass the following ordinary resolution:

'That for the purposes of ASX Listing Rule 10.11, Chapter 2E of the Corporations Act and for all other purposes, approval is given for the issue of 2,000,000 performance rights to Mr Stephen Jones or his nominee which only vest on the terms described in the Explanatory Memorandum accompanying this Notice'.

6. APPROVAL FOR THE ISSUE OF PERFORMANCE RIGHTS TO DIRECTOR - MR JASON YEATES

To consider, and if thought fit, to pass the following ordinary resolution:

'That for the purposes of ASX Listing Rule 10.11, Chapter 2E of the Corporations Act and for all other purposes, approval is given for the issue of 2,000,000 performance rights to Mr Jason Yeates or his nominee which only vest on the terms described in the Explanatory Memorandum accompanying this Notice'.

7. APPROVAL FOR THE ISSUE OF PERFORMANCE RIGHTS TO DIRECTOR DR GÖRAN ANDO

To consider, and if thought fit, to pass the following ordinary resolution:

'That for the purposes of ASX Listing Rule 10.11, Chapter 2E of the Corporations Act and for all other purposes, approval is given for the issue of 200,000 performance rights to Dr Göran Ando or his nominee which only vest on the terms described in the Explanatory Memorandum accompanying this Notice'.

8. APPROVAL FOR THE ISSUE OF PERFORMANCE RIGHTS TO DIRECTOR - DR PETER CORR

To consider, and if thought fit, to pass the following ordinary resolution:

'That for the purposes of ASX Listing Rule 10.11, Chapter 2E of the Corporations Act and for all other purposes, approval is given for the issue of 200,000 performance rights to Dr Peter Corr or his nominee which only vest on the terms described in the Explanatory Memorandum accompanying this Notice'.

9. APPROVAL FOR THE ISSUE OF PERFORMANCE RIGHTS TO DIRECTOR - PROFESSOR JOHN FUNDER

To consider, and if thought fit, to pass the following ordinary resolution:

'That for the purposes of ASX Listing Rule 10.11, Chapter 2E of the Corporations Act and for all other purposes, approval is given for the issue of 200,000 performance rights to Professor John Funder or his nominee which only vest on the terms described in the Explanatory Memorandum accompanying this Notice'.

10. APPROVAL FOR THE ISSUE OF PERFORMANCE RIGHTS TO DIRECTOR - DR MICHAEL MONSOUR

To consider, and if thought fit, to pass the following ordinary resolution:

'That for the purposes of ASX Listing Rule 10.11, Chapter 2E of the Corporations Act and for all other purposes, approval is given for the issue of 200,000 performance rights to Dr Michael Monsour or his nominee which only vest on the terms described in the Explanatory Memorandum accompanying this Notice'.

11. APPROVAL FOR THE ISSUE OF PERFORMANCE RIGHTS TO DIRECTOR - DR TERJE KALLAND

To consider, and if thought fit, to pass the following ordinary resolution:

'That for the purposes of ASX Listing Rule 10.11, Chapter 2E of the Corporations Act and for all other purposes, approval is given for the issue of 200,000 performance rights to Dr Terje Kalland or his nominee which only vest on the terms described in the Explanatory Memorandum accompanying this Notice'.

12. APPROVAL FOR THE ISSUE OF PERFORMANCE RIGHTS TO DIRECTOR - DR THOMAS LÖNNGREN

To consider, and if thought fit, to pass the following ordinary resolution:

'That for the purposes of ASX Listing Rule 10.11, Chapter 2E of the Corporations Act and for all other purposes, approval is given for the issue of 200,000 performance rights to Dr Thomas Lönngren or his nominee which only vest on the terms described in the Explanatory Memorandum accompanying this Notice'.

13. APPROVAL FOR THE ISSUE OF PERFORMANCE RIGHTS TO DIRECTOR - MR JAMES GREIG

To consider, and if thought fit, to pass the following ordinary resolution:

'That for the purposes of ASX Listing Rule 10.11, Chapter 2E of the Corporations Act and for all other purposes, approval is given for the issue of 1,500,000 performance rights to Mr James Greig or his nominee which only vest on the terms described in the Explanatory Memorandum accompanying this Notice'.

14. INCREASE IN DIRECTORS REMUNERATION POOL

To consider, and if thought fit, to pass the following ordinary resolution:

'That for the purposes of ASX Listing Rule 10.17 and for all other purpose, the aggregate fee pool for the remuneration of the Board as a whole be increased to a maximum limit of \$750,000 on the terms described in the Explanatory Memorandum accompanying this Notice'.

BY ORDER OF THE BOARD



BEN GRAHAM

Company Secretary

1 June 2011

NOTES

A member who is entitled to attend and cast a vote at the meeting is entitled to appoint a proxy.

The proxy need not be a member of the Company. A member who is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise.

If you wish to appoint a proxy and are entitled to do so, then complete and return the attached proxy form.

A corporation may elect to appoint a representative in accordance with the *Corporations Act 2001* (Cth) in which case the Company will require written proof of the representative's appointment which must be lodged with or presented to the Company before the meeting.

The Company has determined in accordance with regulation 7.11.37 of the Corporations Regulations that for the purpose of voting at the meeting or adjourned meeting, shares will be taken to be held by those persons recorded in the Company's register of members as at 7:00pm (AEDST) on 13 July 2011.

If you have any queries on how to cast your votes then call Company Secretary Ben Graham on +617 3841 4844 during business hours.

Shareholders with queries regarding their shareholding or voting entitlements should contact the Share Registry, Link Market Services Ltd, on 1300 554 474.

Voting Exclusion Statement

Under Listing Rule 14.11 (and in the case of resolutions 2, 5-13 s224 of the *Corporations Act 2001 (Cth)*), CBio will disregard any vote cast on:

Resolution	Excluded Party
1	By any person who participated in the issue and their associates.
2	By Dr Michael Monsour, MPAMM Pty Ltd, MP Monsour Medical Pty Ltd and their associates.
3	By any person who may participate in the issue of performance rights and their associates.
4	By Mr Ben Graham and his associates.
5	By Mr Stephen Jones and his associates.
6	By Mr Jason Yeates and his associates.
7	By Dr Göran Ando and his associates.
8	By Dr Peter Corr and his associates.
9	By Professor John Funder and his associates.
10	By Dr Michael Monsour and his associates.
11	By Dr Terje Kalland and his associates.
12	By Dr Thomas Lönngren and his associates.
13	By Mr James Greig and his associates.
14	By Mr Stephen Jones, Mr Jason Yeates, Dr Göran Ando, Dr Peter Corr, Professor John Funder, Dr Michael Monsour, Dr Terje Kalland, Dr Thomas Lönngren, Mr James Greig and their associates.

However, CBio need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Important Dates

Date	Event
By 14 June	Dispatch of Notice of Meeting, Proxy Form and Explanatory Memorandum to shareholders
11:00am (Brisbane time) 13 July	Latest time for receipt of proxies
7:00pm (Brisbane time) 13 July	Closing date for determining eligibility to vote at the General Meeting
11:00am (Brisbane time) 15 July	General Meeting

Explanatory memorandum

CBio Limited ACN 094 730 417

This Explanatory Memorandum accompanies and forms part of the CBio Limited Notice of General Meeting to be held at the East Auditorium, BTP Technology Conference Centre, 1 Clunies Ross Court, Eight Mile Plains, Queensland, 4113 on Friday, 15 July 2011 at 11:00am (Brisbane time). The Notice of General Meeting should be read together with this Explanatory Memorandum, together forming the Notice of Meeting.

Resolution 1- Ratification of prior issue of securities

Under this resolution, the Company is seeking ratification of the following prior issues of securities:

a) SpringTree Shares and Options

In May 2010, CBio entered into a Convertible Loan Agreement with the New York-based institutional investor SpringTree Special Opportunities Fund, LP (SpringTree). Under the Agreement, SpringTree will provide CBio with a funding facility of up to \$12.45 million over a three year period by way of a series of monthly convertible notes.

Under this resolution, the Company is seeking shareholder ratification of the following issues of securities which have been issued in connection with the SpringTree Agreement:

- A convertible note of \$150,000 issued on 16 December 2010 which matured on 17 January 2011 with the issue of 845,547 ordinary shares and 169,109 options; and

b) Rights Issue Commission Shares

On 27 September 2010 the Company announced a Rights Issue, offering shareholders the opportunity to acquire 5 new shares for every 7 shares held, at \$0.16 per share to raise up to \$9.3 million.

As part of the Rights Issue, parties who provided firm commitments to subscribe for Shortfall New Shares were entitled to a fee comprising 6% (plus GST) of the total commitment payable in cash and 4% (plus GST) of the total commitment payable in Shares in the Company at the Offer Price of \$0.16 per share.

Under this resolution, the Company is seeking shareholder ratification of the prior issue of 2,826,100 ordinary shares issued as commission in connection with the Rights Issue. The shares were issued to clients and associates of Baker Young Stockbrokers Ltd.

c) Share Option Issues

- (i) In November the Company issued 1,000,000 share options to Dr Terje Kalland. Dr Kalland, MD, PhD, is a former professor of tumour immunology and has served 22 years in the pharmaceutical industry. He is the retired senior vice president of the Biopharmaceuticals Research Unit at Novo Nordisk. The options were issued for nil consideration as an inducement to join the CBio Board.
- (ii) In January the Company issued 1,000,000 share options to Dr Thomas Lönngren. Dr Lönngren recently retired as the Executive Director of the European Medicines Agency (EMA), the pharmaceutical regulator for the European Union. The options were issued for nil consideration as an inducement to join the CBio Board.

The share options issued to Dr Kalland and Dr Lönngren have an exercise price of \$1 and an expiry date of 31 December 2012.

Although both Dr Kalland and Dr Lönngren were subsequently appointed to the CBio Board, they were not related parties at the time of the issue of the share options.

d) May 2011 Share Placement

In May 2011, the Company reached an agreement with sophisticated and professional investors for the placement of 11,627,687 shares at \$0.44 per share, to raise a total of \$5.1 million. The funds raised will be used to fund the ongoing drug development programs of the Company beyond the completion of the phase IIa trial in Rheumatoid Arthritis. The shares were issued to existing CBio Limited shareholders and to clients and associates of Baker Young Stockbrokers Ltd.

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e) Other Security Issue

In March, the Company issued 51,282 fully paid ordinary shares to wise-owl.com for the provision of services. The shares were issued at \$0.195 per share in lieu of paying a cash fee of \$10,000.

ASX Listing Rule 7.4

ASX Listing Rule 7.4 provides that an issue of equity securities without approval of shareholders under Listing Rule 7.1 is treated as having been made with approval for the purposes of Listing Rule 7.1 if:

- a. The issue of securities did not breach Listing Rule 7.1; and
- b. Holders of ordinary securities subsequently approve the issue.

Broadly speaking, ASX Listing Rule 7.1 prevents a listed company from issuing securities in excess of 15% of its issued capital at any point in time unless shareholders approve. Listing Rule 7.5 sets out the requirements for shareholder approval of the issue of shares made under an exception to ASX Listing Rule 7.1

The effect of Resolution 1 is that the Company will be able to refresh its 15% issuing capacity under ASX Listing Rule 7.1, in relation to the shares and options issued and described above, with effect from the date of the General Meeting.

Technical information required by ASX Listing Rule 7.5

a) *The number of securities issued*

- 15,350,616 Ordinary shares
- 2,169,109 Share options

b) *Issue price of securities*

- 2,826,100 Ordinary shares- \$0.16 per share;
- 845,547 Ordinary shares- \$0.1774 per share;
- 51,282 Ordinary shares- \$0.195 per share;
- 11,627,687 Ordinary shares- \$0.44 per share;
- 2,169,109 Share options- Nil per option

c) *Terms of securities*

Shares rank equally with all other shares on issue in the Company.

2,000,000 share options are quoted on the ASX. 169,109 share options are unlisted and have been exercised prior to this meeting. The options issued pursuant to this resolution have following exercise price and expiry dates:

Number	Exercise Price	Expiry Date
1,000,000	\$1.00	31 December 2012
1,000,000	\$1.00	31 December 2012
169,109	\$0.2306	17 January 2016

Shares issued upon the exercise of share options will rank equally with all other shares on issue in the Company.

Explanatory memorandum

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d) *Names of allottees*

- 845,547 Ordinary shares- SpringTree Special Opportunities Fund, LP (Issued to HSBC Custody Nominees (Australia) Limited on behalf of SpringTree)
- 169,109 Share options- SpringTree Special Opportunities Fund, LP
- 1,000,000 Share options- Dr Terje Kalland
- 1,000,000 Share options- Dr Thomas Lönngren
- 14,453,787 Ordinary shares- issued to clients and associates of Baker Young Stockbrokers Ltd
- 51,282 Ordinary shares- issued to wise-owl.com

e) *Intended use of funds raised*

The proceeds from the issue of securities pursuant to this resolution will be or have been used to meet costs associated with CBio's phase IIa clinical trial in Rheumatoid Arthritis, to meet ongoing research and development programs of the Company beyond the completion of this trial, and for general working capital purposes.

f) *Voting exclusion statement*

A voting exclusion statement is contained on page 4 of the Notice accompanying this memorandum.

Resolution 2- Approval for the issue of shares to a related party

Background

Dr Michael Monsour, a non-executive Director of CBio, provided a firm commitment to subscribe for \$400,000 in shortfall new shares under the Rights Issue conducted by the Company in 2010. The commitment was to be via the entities MPAMM Pty Ltd and MP Monsour Medical Practice Pty Ltd, companies associated with Dr Monsour.

As part of the Rights Issue, parties who provided firm commitments to subscribe for Shortfall New Shares were entitled to a fee comprising 6% (plus GST) of the total commitment payable in cash and 4% (plus GST) of the total commitment payable in Shares in the Company at the Offer Price of \$0.16 per share. In the case of the commitment by Dr Monsour to subscribe for \$400,000 in shortfall new shares, Dr Monsour became entitled to a commission of \$16,000 worth of shares, being 100,000 ordinary shares at a value of \$0.16 per share.

The entitlement to commission was based on the firm commitment of funds provided and not the number of shares subsequently subscribed for. As the parties who provided firm commitments had to make arrangements to have their firm commitment amount available if required, and may have incurred costs in doing so, it is appropriate that this firm commitment forms the basis for any commission which may have been payable.

Following the close of the Rights Issue, the shortfall was 26.5 million shares, or \$4.25 million. As a result, those parties who provided firm commitments to subscribe for shortfall shares were only required to subscribe for a portion of their total commitment. MP Monsour Medical Practice Pty Ltd subscribed for 978,219 shares (\$156,515) and MPAMM Pty Ltd subscribed for 156,250 shares (\$25,000).

The Company was advised subsequent to the issue of these shortfall shares to MPAMM Pty Ltd and MP Monsour Medical Practice Pty Ltd that the issue was in breach of ASX Listing Rule 10.11 as prior shareholder approval had not been sought. Consequently, the ASX required MPAMM Pty Ltd and MP Monsour Medical Practice Pty Ltd to dispose of the shares acquired under the shortfall.

Dr Monsour has been a major financial supporter of the Company over several years and as at the date of this notice currently holds a relevant interest in 9.4 million CBio shares. Dr Monsour and associated entities subscribed for 3,854,277 shares (\$616,684) under the entitlement portion of the Rights Issue which did not require shareholder approval.

As Dr Monsour, MPAMM Pty Ltd and MP Monsour Medical Practice Pty Ltd are related parties, shareholder approval is required under ASX Listing Rule 10.11 prior to the issue of the shares to which Dr Monsour (and related entities) are otherwise entitled.

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The purpose of this resolution is to obtain shareholder approval for the issue of 100,000 ordinary shares to be issued as commission in connection with the Rights Issue conducted by the Company in 2010.

ASX Listing Rule 10.11

Under ASX Listing Rule 10.11, shareholder approval is required for the issue of equity securities to a related party of a listed company. MPAMM Pty Ltd and MP Monsour Medical Practice Pty Ltd are related parties to Dr Michael Monsour, and therefore prior shareholder approval is required for the issue of shares to these entities under this resolution.

Listing Rule 10.13 sets out the requirements for shareholder approval for the issue of shares in accordance with ASX Listing Rule 10.11

Technical information required by ASX Listing Rule 10.13

a) *Name of allottees*

- 86,227 Ordinary shares- MP Monsour Medical Practice Pty Ltd
- 13,773 Ordinary shares- MPAMM Pty Ltd

b) *The maximum number of securities to be issued*

100,000 Ordinary shares

c) *The date by which the entity will issue the securities*

The securities will be issued within one month of the date of this meeting

d) *If the person is not a director (in the case of a trust, the responsible entity), a statement of the relationship between the person and the director (or responsible entity) that requires the approval be obtained*

Dr Michael Monsour is a Director and shareholder in both MPAMM Pty Ltd and MP Monsour Medical Practice Pty Ltd

e) *Issue price of the securities and a statement of the terms of the issue*

The shares issued pursuant to this resolution are to be issued at an effective price of \$0.16 per share. The shares are issued pursuant to an agreement between Dr Monsour, his related entities identified above, and the Company in connection with the provision of a firm commitment to subscribe for \$400,000 of Shortfall new shares under the Rights Issue conducted in 2010. Under the agreement, Dr Monsour (and related entities) is entitled to a cash commission payment equal to 6% (plus GST) on the firm commitment amount and an issue of shares (at the Rights Issue offer price of \$0.16 per share) at 4% (plus GST) on the firm commitment amount of \$400,000.

Shares issued pursuant to this resolution will rank equally with all other shares on issue in the Company.

f) *The intended use of funds raised*

No funds will be raised by the Company through the issue of shares under this resolution. However, the funds raised under the Rights Issue, to which Dr Monsour (and related entities described above), have been used to meet costs associated with the current phase IIa trial in Rheumatoid Arthritis, and for working capital purposes.

Voting exclusion statement

A voting exclusion statement is contained on page 4 of the Notice accompanying this memorandum.

Explanatory memorandum

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Chapter 2E of the Corporations Act

Chapter 2E of the Corporations Act prohibits the Company from giving a financial benefit (which includes the issue of shares) to a related party of the Company, unless either:

- The giving of the financial benefit falls within one of the nominated exemptions in Chapter 2E of the Corporations Act; or
- Prior shareholder approval is obtained for the giving of the financial benefit.

For the purposes of Chapter 2E and pursuant to Section 228(3) of the Corporations Act, MPAMM Pty Ltd and MP Monsour Medical Practice Pty Ltd are considered to be related parties as they are entities associated with and controlled by Dr Michael Monsour. The proposed issue of shares, the subject of resolution 2 to MPAMM Pty Ltd and MP Monsour Medical Pty Ltd involves the provision of a financial benefit to a related party of the Company and, therefore, requires prior shareholder approval.

General Information for the purposes of section 208 of the Corporations Act

In accordance with the requirements of Chapter 2E of the Corporations Act, the following information is provided to shareholders to allow them to assess the proposed issue of shares under resolution 2:

An estimate of the value of the shares proposed to be issued pursuant to resolution 2 is based on the current market price of \$0.52 per share (as at 1 June 2011)

Related Party	Number of shares to be issued	Value of shares to be issued
MPAMM Pty Ltd	13,773	\$7,162
MP Monsour Medical Practice Pty Ltd	86,227	\$44,838

Remuneration

The following table sets out remuneration received for the year ended 30 June 2010 by Dr Michael Monsour and the related parties named in resolution 2:

Director	Annual Director's fees (inclusive of superannuation where applicable)	Base annual salary (inclusive of superannuation where applicable)	Equity based compensation (12 months to 30 June 2010)
Dr Michael Monsour	\$54,500	-	-
MPAMM Pty Ltd	-	-	-
MP Monsour Medical Practice Pty Ltd	-	-	-

Financial Benefit – Details and reasons

Approval has been sought for the giving of a financial benefit to related parties under section 208 of the Corporations Act (Cth) 2001 (**Act**). Section 229(3)(f) of the Act provides that the 'issuing of securities or granting of an option to a related party' (which includes a director of an entity) is an example of the giving of a financial benefit.

Under resolution 2 a total of 100,000 ordinary shares will be issued to parties related to Dr Michael Monsour named in (a) above. The amount, terms and value (subject to the stated assumptions) of those options are set out above also.

The reasons for giving this financial benefit are:

- (a) The shares to be approved under resolution 2 are offered to the related parties on the exact same terms and conditions as those offered to non-related parties who provided firm funding commitments to the Company;
- (b) The shares were offered as part of a commission agreement in order to secure sufficient funding via a Rights Issue to enable the Company to complete its phase IIa clinical trial in Rheumatoid Arthritis. The Company raised \$9.3 million through the Rights Issue; and
- (c) the Company wishes to maximise the use of its cash resources towards clinical development and equity issues in lieu of cash commissions which may be otherwise payable are used to preserve cash resources.

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On this basis the Company believes the giving of the benefits contemplated by resolution 2 is fair and reasonable and in the best interests of the Company and its shareholders.

Trading History

Over the past 12 months the Company's Shares have traded as follows on the ASX:

	Share Price	Date
High	\$0.80	25/03/2011
Low	\$0.137	27/09/2010
Last	\$0.52	01/06/2011

Existing interests and the dilutionary effect on other members interests

The effect that the issue of shares under this resolution will have on the interests of the Director relative to other members' interests is set out in the table on page 17 of this memorandum and includes the effect of the issue of performance rights in accordance with resolutions 5-13.

Directors' Recommendation

All directors believe the issue of shares to related parties in accordance with resolution 2 is reasonable and recommend shareholders vote in favour of the resolution.

Resolution 3 - Approval for the issue of performance rights to employees.

CBio proposes to issue 1,900,000 Performance Rights to employees of the Company in recognition of their past performances and in order to offer sufficient incentive for them to remain employees of the company. CBio has assembled a team of highly skilled and specialised staff who have worked diligently over a number of years in advancing CBio's scientific portfolio, and in turn adding significantly to the potential value of the company's intellectual property assets.

The granting of Performance Rights to employees will align the interests of employees to the interests of Shareholders and seeks to create a commonality of purpose between employees and CBio Limited. No shares will be issued in connection with these Performance Rights until Performance Conditions are met and a 'Vesting Event' has occurred. A Vesting Event is either a major collaboration or license transaction, or sale of the Company's operations, or a Shareholder acquiring 19.9% of the issued shares of the Company, or the achievement of a \$1.00 share price for CBio Limited shares.

The Company views the issue of these Performance Rights as a key component of the remuneration package it offers employees, and plays an important role in ensuring the continuing engagement of key employees at CBio.

The Performance Rights will be issued to employees based on their roles within the Company and the responsibilities and requirements of their individual positions. No Performance Rights will be issued to Directors or the Company Secretary under this resolution.

The key terms of the Performance Rights issued are described at (e) below.

ASX Listing Rule 7.1

Under ASX Listing Rule 7.1, the Company may not issue or agree to issue equity securities in any 12-month period representing more than 15% of its ordinary share capital on issue at the commencement of that period without shareholder approval. ASX Listing Rule 7.3 sets out the requirements for shareholder approval of the issue of shares not made under an exception to ASX Listing Rule 7.1

Explanatory memorandum

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Technical information required by ASX Listing Rule 7.3

a) *The number of securities issued*

1,900,000 Performance rights

b) *The date by which the entity will issue the securities*

The performance rights will be issued and allotted within one month of the date of this meeting

c) *Issue price of securities*

Nil

d) *The names of the allottees or the basis upon which allottees will be identified or selected*

The performance rights will be issued to current employees of CBio Limited.

e) *Terms of securities*

Maximum number of Performance Rights to be issued:	1.9 million
Eligible Employees:	All current employees of CBio Limited are eligible to be issued performance rights under this resolution. Directors and Key Management Personnel are not entitled to performance rights under this resolution.
Vesting Event:	Performance rights will vest upon the achievement any one of the following Vesting Events: a) if, under a Takeover Bid or otherwise, a person (together with his or her Associates) acquires Shares or a relevant interest (within the meaning of the Corporations Act) in Shares that, when aggregated with Shares already acquired by such person (and their associates), constitute at least 19.9% of the issued Shares of the Company and, in the case of a Takeover Bid, the Takeover Bid is or has become unconditional; or b) pursuant to an application made to the court under section 411 of the Corporations Act, the court orders a meeting to be held in relation to a proposed compromise or arrangement for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company; or c) The Company enters into a major collaboration (which may include any joint research & development agreement), license transaction or sale of the operations of the Company's business, or d) The CBio Limited share price reaching \$1.00 at any time during the life of the Performance Right.
Exercise Price:	The rights will be issued at a 'zero' grant price. There will be no exercise price payable on exercise of the performance rights.
Date of Issue of Rights:	Within one month of the date of this meeting
Date of Lapse of Rights:	Performance rights will lapse seven years from the date of issue.
The Exercise Period:	No later than 12 months from the occurrence of a Vesting Event in some circumstances.
Rights of Shares upon conversion:	Shares issued upon conversion from Performance Rights rank <i>pari passu</i> with existing Shares on issue. The rights and liabilities attaching to all Shares are detailed in the Company's constitution.
Cessation of Employment:	The Performance Rights will not vest if the recipient ceases to be an employee of the Company prior to the vesting of the Performance Rights, unless the Company determines otherwise, such as in circumstances where the employee has left the Company for a reason beyond their control (for example, due to sickness, invalidity or redundancy)

Explanatory memorandum

CBio Limited ACN 094 730 417

Transferability:	Performance Rights are personal to the Participant and may not be Transferred except: a) with the prior written consent of the Board (which consent may be withheld in the absolute discretion of the Board and without giving reasons); or b) if the Participant dies, to the Participant's legal personal representative, on the production to the Company of such documents or other evidence that the Board may reasonably require to establish the entitlement of the legal personal representative.
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f) Intended use of funds raised

No funds will be raised through the issue of Performance Rights.

g) Voting exclusion statement

A voting exclusion statement is contained on page 4 of the Notice accompanying this memorandum.

Resolution 4 - Approval for the issue of performance rights to the Company Secretary

CBio proposes to issue 500,000 Performance Rights to CBio's Company Secretary, Mr Ben Graham. Mr Graham has served as CBio's Company Secretary since 2007 and has been a full-time employee of the Company since 2005. The performance rights are issued in recognition of past performances and in order to offer sufficient incentive for the recipient to remain engaged with the company.

No shares will be issued in connection with these Performance Rights until Performance Conditions are met and a 'Vesting Event' has occurred. A Vesting Event is either a major collaboration or license transaction, or sale of the Company's operations, or a Shareholder acquiring 19.9% of the issued shares of the Company, or the achievement of a \$1.00 share price for CBio Limited shares.

The Company views the issue of these Performance Rights as a key component of the remuneration package it offers employees, and plays an important role in ensuring the engagement of key employees at CBio.

ASX Listing Rule 7.1

Under ASX Listing Rule 7.1, the Company may not issue or agree to issue equity securities in any 12-month period representing more than 15% of its ordinary share capital on issue at the commencement of that period without shareholder approval. ASX Listing Rule 7.3 sets out the requirements for shareholder approval of the issue of shares not made under an exception to ASX Listing Rule 7.1

Technical information required by ASX Listing Rule 7.3

a) The number of securities issued

500,000 Performance rights

b) The date by which the entity will issue the securities

The performance rights will be issued and allotted within one month of the date of this meeting

c) Issue price of securities

Nil

Explanatory memorandum

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d) *The names of the allottees or the basis upon which allottees will be identified or selected*

The performance rights will be issued to CBio's Company Secretary, Mr Ben Graham or his nominee.

e) *Terms of securities*

The key terms of the performance rights are outlined at (e) in the Explanatory Memorandum to Resolution 3 (above).

f) *Intended use of funds raised*

No funds will be raised through the issue of Performance Rights.

g) *Voting exclusion statement*

A voting exclusion statement is contained on page 4 of the Notice accompanying this memorandum.

Resolutions 5 -13 - Approval for the issue of performance rights to directors

Under Resolutions 5 -13, shareholders are asked to approve the issue of 6,700,000 performance rights to the Directors of CBio Limited. The performance rights have been designed to align the remuneration received by Directors with the creation of shareholder wealth. No shares will be issued in connection with these Performance Rights until Performance Conditions are met and a "Vesting Event" has occurred. A Vesting Event is either a major collaboration or license transaction, or sale of the Company's operations, or a Shareholder acquiring 19.9% of the issued shares of the Company, or the achievement of a \$1.00 share price for CBio Limited shares.

The Directors believe that the quantum of performance rights to be issued subject to shareholder approval of Resolutions 5 - 13 is reasonable given the complexity of the Company's activities and the demands placed on individual Directors over and above that which is considered usual.

ASX Listing Rule 10.11

ASX Listing Rule 10.11 provides that a company must not issue securities to a director or their associates without the prior approval of shareholders. The purpose of each of the Resolutions 5 – 13 are to obtain shareholder approval to enable the Performance Rights to be issued to Directors.

Listing Rule 10.13 sets out the requirements for shareholder approval for the issue of shares in accordance with ASX Listing Rule 10.11

Technical information required by ASX Listing Rule 10.13

a) *Name of allottees*

Resolution 5 - Mr Stephen Jones (or his nominees) - 2,000,000 performance rights
Resolution 6 - Mr Jason Yeates (or his nominees) - 2,000,000 performance rights
Resolution 7 - Dr Göran Ando (or his nominees) - 200,000 performance rights
Resolution 8 - Dr Peter Corr (or his nominees) - 200,000 performance rights
Resolution 9 - Professor John Funder (or his nominees) - 200,000 performance rights
Resolution 10 - Dr Michael Monsour (or his nominees) - 200,000 performance rights
Resolution 11 - Dr Terje Kalland (or his nominees) - 200,000 performance rights
Resolution 12 - Dr Thomas Lönngrén (or his nominees) - 200,000 performance rights
Resolution 13 - Mr James Greig (or his nominees) – 1,500,000 performance rights

b) *The maximum number of securities to be issued*

A total of 6,700,000 performance rights will be issued if Resolutions 5 – 13 are approved. The individual number of performance rights to be issued under each resolution are as set out in paragraph (a) above. On vesting, one ordinary share will be issued for each performance right. In total, 6,700,000 fully paid ordinary shares will be issued to the allottees identified at (a) above.

Explanatory memorandum

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c) *The date by which the entity will issue the securities*

The securities will be issued within one month of the date of this meeting.

d) *If the person is not a director (in the case of a trust, the responsible entity), a statement of the relationship between the person and the director (or responsible entity) that requires the approval be obtained*

All allottees to receive performance rights under resolutions 5-13 (as identified at (a) above) are Directors of CBio Limited

e) *The issue price of the securities and a statement of the terms of the issue*

The performance rights will be issued at no cost to the allottees. The key terms of the performance rights are as follows:

Eligible Recipients:	The recipients of performance rights under this resolution are identified at (a) above.
Vesting Event:	Performance rights will vest upon the achievement any one of the following Vesting Events: a) if, under a Takeover Bid or otherwise, a person (together with his or her Associates) acquires Shares or a relevant interest (within the meaning of the Corporations Act) in Shares that, when aggregated with Shares already acquired by such person (and their associates), constitute at least 19.9% of the issued Shares of the Company and, in the case of a Takeover Bid, the Takeover Bid is or has become unconditional; or b) pursuant to an application made to the court under section 411 of the Corporations Act, the court orders a meeting to be held in relation to a proposed compromise or arrangement for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company; or c) The Company enters into a major collaboration (which may include any joint research & development agreement), license transaction or sale of the operations of the Company's business, or d) The CBio Limited share price reaching \$1.00 at any time during the life of the Performance Right.
Exercise Price:	The rights will be issued at a 'zero' grant price. There will be no exercise price payable on exercise of the performance rights.
Date of Issue of Rights:	Performance rights will be issued within one month of the date of this meeting.
Date of Lapse of Rights:	Performance rights will lapse seven years from the date of issue.
The Exercise Period:	No later than 12 months from the occurrence of a Vesting Event in some circumstances.
Rights of Shares upon conversion:	Shares issued upon conversion from Performance Rights rank <i>pari passu</i> with existing Shares on issue. The rights and liabilities attaching to all Shares are detailed in the Company's constitution.
Termination of Directorship:	The Performance Rights will not vest if the recipient ceases to be a Director of the Company prior to the vesting of the Performance Rights, unless the Company determines otherwise, such as in circumstances where a Director has left the Company for a reason beyond their control (for example, due to sickness, invalidity or redundancy)

Explanatory memorandum

CBio Limited ACN 094 730 417

Transferability:	Performance Rights are personal to the Participant and may not be Transferred except: a) with the prior written consent of the Board (which consent may be withheld in the absolute discretion of the Board and without giving reasons); or b) if the Participant dies, to the Participant's legal personal representative, on the production to the Company of such documents or other evidence that the Board may reasonably require to establish the entitlement of the legal personal representative.
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f) Voting exclusion statement

A voting exclusion statement is contained on page 4 of the Notice accompanying this memorandum.

g) The intended use of funds raised

No funds will be raised by the Company through the issue of performance rights under resolutions 5-13.

General Information for the purposes of section 208 of the Corporations Act

Remuneration

The following table sets out remuneration received for the year ended 30 June 2010 by each of the directors named in Resolutions 5-13:

Director	Annual Director's fees (inclusive of superannuation where applicable)	Base annual salary (inclusive of superannuation where applicable)	Equity based compensation (12 months to 30 June 2010)
Mr Stephen Jones (i)	76,260	-	-
Mr Jason Yeates	-	327,000	67,094
Dr Goran Ando	50,000	-	-
Dr Peter Corr	50,000	-	-
Professor John Funder	50,000	-	-
Dr Michael Monsour	54,500	-	-
Dr Terje Kalland (ii)	-	-	-
Dr Thomas Lönngren (iii)	-	-	-
Mr James Greig (iv)	-	239,800	13,319

(i) Entities associated with Mr Stephen Jones were paid consulting fees during the year totalling \$399,600

(ii) Dr Terje Kalland was appointed a Director on 1 December 2010 and is paid director fees of \$50,000 p/a. Dr Kalland was issued 1,000,000 share options prior to his appointment to the Board.

(iii) Dr Thomas Lönngren was appointed a Director on 27 January 2011 and is paid director fees of \$50,000 p/a Dr Lönngren was issued 1,000,000 share options prior to his appointment to the Board.

(iv) Mr James Greig was appointed a Director on 31 January 2011.

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Financial Benefit – Details and reasons

Approval has been sought for the giving of a financial benefit to related parties under section 208 of the Corporations Act (Cth) 2001 (Act). Section 229(3)(f) of the Act provides that the 'issuing of securities or granting of an option to a related party' (which includes a director of an entity) is an example of the giving of a financial benefit.

Under resolutions 5-13, inclusive as noted above, a total of 6,700,000 performance rights options will be issued to the Directors of CBio named in (a) above. The amount, terms and value (subject to the stated assumptions) of those performance rights are set out above also.

The reasons for giving this financial benefit are:

- (a) the Company wishes to maximise the use of its cash resources towards clinical development and equity based incentives such as performance rights are used to supplement cash based remuneration;
- (b) the exercise (strike) price and the other performance right terms are designed to incentivise the directors to maximise the Company's development and growth, as represented by an increased share price;
- (c) equity based incentives, such as performance rights, assist in the alignment of shareholders and directors' interests;
- (d) the remuneration package is designed to attract and retain suitably qualified and experienced directors, with expertise in growing biotechnology companies;
- (e) the Company believes the associated expense is limited and the nature of the performance rights package proposed is commensurate with market practice.

On this basis the Company believes the giving of the benefits, as constituted by the issue of the performance rights to the specified directors under resolution 5 - 13, is fair and reasonable and in the best interests of the Company and its shareholders.

Valuation

Due to the inherent uncertainty surrounding the achievement of vesting conditions associated with the performance rights, the true 'value' of the rights is not known. The value will be between zero (assuming vesting conditions are not met) and the future market price (should vesting conditions be met).

The Company is required by ASIC to adequately value the financial benefit being provided to related parties. Consistent with the accounting standards, the Company discloses the following information concerning the value of the performance rights to be issued to each of the Directors. A fair value for the performance rights to be issued has been calculated using the Monte Carlo simulation and based on a number of assumptions, set out below.

The Board draws shareholders' attention to the fact the stated valuation does not constitute and should not be taken as audited financial information. The reportable value of the employee benefit expense in subsequent financial periods may vary due to a range of timing and other factors. In particular, the ultimate valuation will be dependant on the outcome of the phase IIa clinical trial and the occurrence of a 'vesting event'. The figures below were calculated effective as at 1 June 2011:

Underlying price	\$0.52
Volatility	50%
Drift	5.09%
Time to maturity	7 years
Market condition	\$1.00
Risk free rate	5.09%
Performance Right Value	\$0.1048
Number of Performance Rights options issued	6,700,000
Financial impact of the issue of Performance Rights on CBio should vesting conditions be met	\$702,160
Financial impact of the issue of Performance Rights on CBio should vesting conditions not be met	\$0

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CBio Limited ACN 094 730 417

Trading History

Over the past 12 months the Company's Shares have traded as follows on the ASX:

	Share Price	Date
High	\$0.80	25/03/2011
Low	\$0.137	27/09/2010
Last	\$0.52	01/06/2011

Existing interests and the dilutionary effect on other members interests

The effect that the exercise of the performance right will have on the interests of the Director relative to other members' interests is set out in the table on the following page. The table assumes that the 11,627,687 shares subscribed for in the May 2011 placement have been issued and that no further issues of shares in, or reconstruction of the capital of the Company during the time between issue and exercise of the performance rights.

	The total number of shares on issue in the capital of the Company	The relevant interest in Shares currently held by director (including indirect interests)	% of shares currently held by Director	Options held by Director prior to General Meeting (including indirect interests)	Performance Rights to be issued under this resolution to Director following General Meeting	Shares to be issued under resolution 2 to Director following General Meeting	Shares that will be held following the exercise of all Options & Performance Rights held by Director	% of Shares that would be held by Director assuming no other Options or Performance Rights held by other parties were exercised	% of Shares that would be held by Director assuming all other Options & Performance Rights held by other parties were exercised (fully diluted basis)
S Jones	155,854,762	2,108,749	1.4	300,000	2,000,000	-	4,408,749	2.8	2.2
J Yeates	155,854,762	-	-	2,000,000	2,000,000	-	4,000,000	2.5	2.0
G Ando	155,854,762	-	-	1,000,000	200,000	-	1,200,000	0.8	0.6
P Corr	155,854,762	-	-	1,000,000	200,000	-	1,200,000	0.8	0.6
J Funder	155,854,762	100,000	0.1	1,000,000	200,000	-	1,300,000	0.8	0.7
M Monsour	155,854,762	9,457,289	6.1	3,104,000	200,000	100,000	12,861,289	8.1	6.4
T Kalland	155,854,762	-	-	1,000,000	200,000	-	1,200,000	0.8	0.6
T Lönngren	155,854,762	-	-	1,000,000	200,000	-	1,200,000	0.8	0.6
J Greig	155,854,762	60,000	0.04	1,000,000	1,500,000	-	2,560,000	1.6	1.3

Directors' Recommendation

All Directors believe the issue of performance rights to related parties in accordance with resolutions 5-13 is reasonable and recommend shareholders vote in favour of the resolution.

Resolution 14 Increase in Director Remuneration Pool

Under the Company's Constitution non-executive Directors are entitled to be remunerated for their services as Directors and the total amount of Directors fees for all non-executive Directors must not exceed the amount determined by the Company in general meeting. The remuneration is to be divided among the non-executive Directors in the proportion and manner agreed by the Directors.

Fees paid to executive Directors, (other than the executive chairman), are excluded from this aggregate pool of fees. Consulting fees paid to Directors for the provision of additional services to the Company are also excluded from this pool.

The Directors remuneration for the year ended 30 June 2010 is disclosed in the audited Remuneration Report set out on pages 20 to 24 of the 2010 Annual Report. The aggregate Directors fees payable to the non-executive Directors (and the executive chairman) for that year amounted to \$380,760.

The Directors consider that the aggregate pool of non-executive Directors fees should be set at \$750,000 with effect from the date of this meeting. Should the maximum proposed pool be paid, it would result in an increase of \$369,240 over the amount

Explanatory memorandum

CBio Limited ACN 094 730 417

paid for the year ended 30 June 2010. The increase to the aggregate fee pool will allow for the growth in Director's remuneration in future years to reflect market competitiveness, board structure, and to retain and attract Directors with the skills and experience which are relevant to the ongoing successful stewardship of CBio.

Since 2006, CBio has assembled a board of internationally recognised Directors with skills in the areas of scientific research, drug development, regulatory requirements and commercialisation. The application by the Company's Directors of their particular skills for the benefit of CBio have proved invaluable and will continue to do so as the company progresses not only with the commercialisation of XToll®, but with future development plans. It is appropriate, given the stature of the CBio Board in the international drug development community, that the Directors are remunerated appropriately.

The Directors believe the increase in the aggregate remuneration pool is appropriate for the following reasons:

- a) non-executive Directors fees paid to individual non-executive Directors' have not increased since 2005;
- b) The Company's Directors should be properly remunerated for their skills, experience, time and energy that they contribute to the Company and the duties and liabilities that they accept in their role;
- c) CBio listed on the Australian Securities Exchange in February 2010. The demands on and responsibilities of Directors and their potential exposure, particularly as Directors of a listed entity, is significant and are continually increasing;
- d) To allow the Company to continue to be able to attract and retain Directors with appropriate experience, calibre and integrity, especially in recognition of the requirements imposed on Directors in a Company at CBio's stage of development.



By mail:
CBio Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia



By fax: +61 2 9287 0309



All enquiries to: Telephone: 1300 554 474 Overseas: +61 2 8280 7454



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SHAREHOLDER VOTING FORM

I/We being a member(s) of CBio Limited and entitled to attend and vote hereby appoint:

STEP 1

APPOINT A PROXY

the Chairman
of the Meeting
(mark box)

☐

OR if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered shareholder) you are appointing as your proxy

or failing the person/body corporate named, or if no person/body corporate is named, the Chairman of the Meeting, as my/our proxy and to vote for me/us on my/our behalf at the General Meeting of the Company to be held at **11:00am on Friday, 15 July 2011, at East Auditorium, BTP Technology Conference Centre, 1 Clunies Ross Court, Eight Mile Plains, Queensland** and at any adjournment or postponement of the meeting.

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the meeting.

Please read the voting instructions overleaf before marking any boxes with an **X**

STEP 2

VOTING DIRECTIONS

Resolutions

	For	Against	Abstain*			For	Against	Abstain*
1a Ratification of prior issue of securities - Spring tree Shares and Options	☐	☐	☐	6 Issue of performance rights to Mr Jason Yeates		☐	☐	☐
1b Ratification of prior issue of securities - Rights Issue Commission Shares	☐	☐	☐	7 Issue of performance rights to Dr Göran Ando		☐	☐	☐
1c(i) Ratification of prior issue of securities - Dr Terje Kalland	☐	☐	☐	8 Issue of performance rights to Dr Peter Corr		☐	☐	☐
1c(ii) Ratification of prior issue of securities - Dr Thomas Lönngren	☐	☐	☐	9 Issue of performance rights to Professor John Funder		☐	☐	☐
1d Ratification of prior issue of securities - May 2011 Share placement	☐	☐	☐	10 Issue of performance rights to Dr Michael Monsour		☐	☐	☐
1e Ratification of prior issue of securities - Other Security Issue	☐	☐	☐	11 Issue of performance rights to Dr Terje Kalland		☐	☐	☐
2 Issue of shares to MPAMM P/L and MP Monsour Medical Practice P/L	☐	☐	☐	12 Issue of performance rights to Dr Thomas Lönngren		☐	☐	☐
3 Issue of performance rights to employees	☐	☐	☐	13 Issue of performance rights to Mr James Greig		☐	☐	☐
4 Issue of performance rights to Mr Ben Graham	☐	☐	☐	14 Increase in directors remuneration pool		☐	☐	☐
5 Issue of performance rights to Mr Stephen Jones	☐	☐	☐					

i * If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

STEP 3

IMPORTANT - VOTING EXCLUSIONS

☐

If the Chairman of the Meeting is appointed as your proxy, or may be appointed by default and you do not wish to direct your proxy how to vote as your proxy in respect of Items 5 and 14 above, please place a mark in this box. By marking this box, you acknowledge that the Chairman of the Meeting may exercise your proxy even though he/she has an interest in the outcome of those Items and that votes cast by him/her for those Items, other than as proxyholder, would be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the Chairman of the Meeting will not cast your votes on Items 5 and 14 and your votes will not be counted in calculating the required majority if a poll is called on these Items. The Chairman of the Meeting intends to vote undirected proxies in favour of Items 5 and 14.

STEP 4

SIGNATURE OF SHAREHOLDERS - THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Sole Director and Sole Company Secretary

Joint Shareholder 2 (Individual)

Director/Company Secretary (Delete one)

Joint Shareholder 3 (Individual)

Director

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).

CBZ PRX102



HOW TO COMPLETE THIS PROXY FORM

Your Name and Address

This is your name and address as it appears on the company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

Appointment of a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If the person you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the name of that person in Step 1. If you leave this section blank, or your named proxy does not attend the meeting, the Chairman of the Meeting will be your proxy. A proxy need not be a shareholder of the company. A proxy may be an individual or a body corporate.

Votes on Items of Business - Proxy Appointment

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

Appointment of a Second Proxy

You are entitled to appoint up to two persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the company's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- (a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- (b) return both forms together.

Signing Instructions

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, either shareholder may sign.

Power of Attorney: to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

Corporate Representatives

If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the company's share registry.

Lodgement of a Proxy Form

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **11:00am on Wednesday, 13 July 2011**, being not later than 48 hours before the commencement of the meeting. Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy Forms may be lodged using the reply paid envelope or:



ONLINE > www.investorcentre.linkmarketservices.com.au

Login to the Link website using the holding details as shown on the proxy form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the proxy form).



by mail:

CBio Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia



by fax:

+61 2 9287 0309



by hand:

delivering it to Link Market Services Limited, Level 12, 680 George Street, Sydney NSW 2000.

**If you would like to attend and vote at the General Meeting, please bring this form with you.
This will assist in registering your attendance.**