

**CHAIRMANS ADDRESS TO SHAREHOLDERS OF CBIO LIMITED  
AT THE COMPANY'S ANNUAL GENERAL MEETING  
28 NOVEMBER 2007**

Good morning. I am going to say a few brief words to you before handing over to Jason Yeates our Managing Director to address you in summary form about the operations of the Company over that last 12 months.

I offer my own apologies for not being able to be here this morning and thank Dr Monsour for deputing for me. Unfortunately, I have a personal unavoidable conflict which prevents me from being here. I thank Dr Monsour for delivering my address in my stead.

I must first offer the apologies of our new directors Dr Goran Ando, Dr Peter Corr and Professor John Funder who can not be present today. Hopefully you have seen the biographies of your new directors on the CBio website. Drs Ando, Corr and Funder bring with them drug development and therapeutic expertise from the most senior levels of the world's largest pharmaceutical and biotechnology companies.

They asked me to say that they are confident of the Company's future.

We have concluded our first full meeting of the new Board. As Chairman of the Board I might remark that it is very satisfying to have at the Board table all the credentials required to develop CBio's assets.

Essentially this address covers the period from the last AGM in Sydney in November 2006 to now. The period under review has been an exceedingly difficult one for the company.

In February 2007 I travelled to Singapore to meet with a highly respected figure in the drug industry who is intimately acquainted with our lead drug, XToll™, the purpose of my trip being to obtain a view as to whether the company had a potential drug and if so was it really as good as we hoped and had been led to believe.

I was assured that we do have a drug and a potentially good one at that, possibly also a new approach to medicine.

I returned to Australia and after consulting with my co-directors it was decided to press on with the development of XToll™, seek the continued support of the then interim management team and engage with directors of standing; knowledgeable and credible in the drug development industry who are internationally connected. CBio was also to seek to construct a highly reputable Board of Directors with big pharma drug development expertise.

The Company then confirmed the appointment of the senior management team, Jason Yeates as CEO, Dr Dennis Feeney as Business Development and Licensing president, and James Greig as CFO, who then commenced to change the company's organization structure, culture and the re-engagement with drug companies. At the same time they addressed the feedback provided about the XToll™ program by big pharma, and then set out to raise capital..

I thank Jason Yeates, Dennis Feeney and James Greig for their magnificent and untiring efforts in accomplishing these necessary changes.

I also would like to thank the CBio managers affectionately known at the Board Level as "the 3 amigos" - Dr's Dean Naylor, Richard Brown and Walter van Heumen, for their untiring and wonderful efforts in science, assay development, and IP management. Magnificent.

I also thank Dr Daina Vanags and Ms Bronwyn Williams for their tireless efforts in pre-clinical and clinical development. Magnificent.

It is a credit to all the staff that through difficult times the XToll™ program has progressed as planned.

I must also thank Dr Eicke Latz, from the University of Massachusetts; Dr Peter Brooks, the Dean of Health Sciences at UQ; and our Principal Investigator of our upcoming RA clinical trial, Dr Peter Nash, for their unswerving support of your company during this time of change.

During the period under review capital raising initiatives of CBio in the major capital markets in Australia have been very difficult.

All in all ladies and gentlemen this has been a challenging year for your company, its management and Directors and of course for some of you, our shareholders.

I am pleased to report that we are now achieving good things. We have a new and highly credible Board and we are fully engaging major drug companies. We are addressing the financial needs of the company. We have made great progress in development science, IP, commercial development and in producing a corporate culture which is poised to provide success.

I want to thank those loyal shareholders who have provided financial and moral support to the Board and Management of CBio

Now to key events.

### **Funding**

I will say this and no more about funding. The Company is concluding funding arrangements which will see it through to June 2009.

### **Clinical Developments**

The Company is about to start its Phase 11(a) 150 person placebo controlled 3 arm clinical trial in RA Patients. This trial will not complete before the end of 2008.

### **Viralytics Limited**

I now address CBio's actions regarding the acquisition of and disposal of its shareholding in Viralytics Limited. CBio sold all its VLA shares to raise much needed short term cash to carry on its business.

### **The future**

I will not be saying anything about the future except that we are hopeful that the Phase 11a trial about to commence will be successful.

Jason will present a brief slideshow summarising the Company's current status. I have directed him to not take questions because of concerns for confidentiality whilst we transit this new period in the Company's life.

Moving forward, CBio will, from time to time, communicate with you our shareholders on non confidential matters.

In closing I would like to publicly thank Dr Goran Ando for his personal advices in turning the company around and in its reshaping and the garnering of Dr Peter Corr to join our Board, likewise Prof John Funder. I would also personally like to thank Dr Michael Monsour for his ongoing advice and support and Stephen Streeter who has been the principal fundraiser of your Company.

I would also like to thank Mr Ross Himstedt for his untiring personal and unwavering financial support; as well as Retirewell Financial Services and in particular Alan Baker and Tony Gillett for their support and belief in your company.

Happy Christmas to you all.

Stephen Jones  
Chairman