

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

Good morning ladies and gentlemen. It is a pleasure to be with you today. I would like to welcome our new investors and our many loyal investors to this meeting.

This morning I will provide an update to you on CBio's operations over the last 12 months. But firstly I would like to reiterate to you what your Board sees as our vision for your Company – to be a drug developer of innovative technologies for the treatment of chronic and degenerative disorders. As the Chairman has already stated, we have made significant additions to your Board. With the credentials of our current Board, we are ideally placed to develop new drugs for global markets.

[This address can be viewed with the accompanying slide show](#)

Slide 1

We have made considerable steps this year in the development of our lead drug candidate, XToll®. Our primary operational focus has been to address feedback about improving our product development program that was observed by pharma companies who conducted structured due diligence.

To improve the product risk profile to the pharma companies, our target market, we needed to:

- address our IP position to provide greater protection of our asset,
- perform further pre-clinical work to provide sufficient safety data for future clinical trials, and
- generate data from a larger placebo controlled clinical trial.

We also focused on providing a manufacturing solution for product supply for future clinical trial and commercial use. I am pleased to report that we have either addressed or are addressing all of these key focus areas.

Earlier this year we completed a Phase 1 study in healthy subjects with subcutaneous (i.e. under the skin) delivery. This is one of the preferred methods of delivery by pharma companies of biologicals. The data from these studies suggest that we are able to deliver sufficient quantities of XToll® into the blood stream with this mode of delivery.

We have now completed 5 of 6 planned safety studies in two animal species, with the 6th study due for completion in December. There has been no pattern of safety concerns noted to date.

We have commenced our clinical trial activities and have submitted our first 6 ethics committee submissions for clinical trial sites.

Our patent portfolio has been expanded and we now have 37 patents that have been granted with a further 13 patents currently in national phase in key markets.

Our manufacturing requirements to date have been met through contract supply agreement with Hospira in Adelaide. We need to scale-up our production due to the product requirements for later stage clinical trials and commercial production. This year we completed the first stage of a 4 stage scale-up project with Boehringer Ingelheim and plan to start stage 2 next year.

Slide 2

As noted by the Chairman, the recent appointments to your Board of Dr Peter Corr, Dr Goran Ando and Professor John Funder, bring with them the highest level of drug development and therapeutic experience. With this drug development experience it has significantly enhanced the Company's credibility and expertise.

Slide 3

No small Company such as CBio has all the resources or expertise to do all of the activities relating to its development program. CBio has engaged an international contract research organisation which provides advice to the Company on regulatory strategy, particularly relating to the US FDA regulations. This contract group has also provided CBio advice on selection and management of the safety studies vendor and has helped with the design and review of the planned Phase IIa clinical trial.

Slide 4

As stated earlier, CBio has completed a Phase I subcutaneous trial that confirmed the suitability of delivering XToll[®] subcutaneously at appropriate drug levels into the blood system. This trial again showed good safety with no pattern of adverse events. You already know of the results of our three Phase IIa clinical trials that were completed in 2006, where all primary endpoints were met. An outcome from those trials was the indication of efficacy based on the clinical endpoints that are generally accepted for measurement of disease

severity by the regulatory bodies in our target territories. XToll® has been extremely well tolerated in all our clinical trials to date.

Slide 5

The peer review of our data generated from the Phase IIa RA clinical trial completed last year was very significant. It was concluded that XToll® showed first evidence of efficacy in RA patients with well established disease. Again the drug was seen as safe and well tolerated and all clinical measurements and inflammatory markers improved. In some cases we saw effective remission with those patients seeing a flaring of their disease when therapy was discontinued. Importantly XToll® compared very well against the current registered biologics on the market however this was a very small study and another study is required to again demonstrate this effect.

The future of the Company over the next 12 months lies with the successful progression of the Phase II RA clinical trial.

I look forward to keeping you informed in the coming year about our clinical trial progress.

Thank you for your participation today.

Jason Yeates
Managing Director & Chief Executive Officer