

**EXECUTIVE CHAIRMAN'S ADDRESS
TO THE ANNUAL GENERAL MEETING CBIO LIMITED SHAREHOLDERS
25 NOVEMBER 2008**

Good morning Ladies and Gentlemen and welcome to this meeting of you our members the Official Proceedings of which have been described and sent to you in the Notice of Meeting and its accompanying Agenda for this Meeting.

The way in which I intend to conduct this meeting is to provide to you my address first. I will treat with matters dealt with by the Company in the year under review as described in The Annual Report 2008 and also seek to give you an insight into events subsequent to year's end i.e. 30.6.2008 and which are likely to develop in this current period that we are now, nearly half way through. I will then take questions from the floor on both the Annual Report 2008 and my Address.

After Jason Yeates our Managing Director will provide you an Operational Update by way of slide presentation. You may then ask any questions relating to the presentation. Those questions as protocol requires will be asked through the Chair.

I will then proceed to the formal part of the meeting.

The Directors, in their Report and I in my letter to you, both included in the Annual Report 2008 of which I hope you have all have received a copy, deal with the Company's activities and detail the results of those activities in the period 1.7.07 to 30.6.2008.

That report accurately describes the hardship the company and its staff have faced and dealt with and the successes that the Company has won in this very trying year.

If you don't know the character of a man then look at the character of his friends and I think in this wisdom lays the best description of our tight knit and erudite staff and Management. The CBio Family.

The CBio family is just that and the results of this culture are proven in the fact that we are here today despite the catastrophes and ignorance of former years. And of course the financial circumstances that we all have faced since late 2007.

The Board, Management and Staff now share a two way trust and openness which have created an environment where harsh scrutiny and sober assessment are a welcome and sought after product of familiar and open interaction between all members of the Board, Management and Staff.

This year the Company has by necessity used a large part of management's time and energy overseas (and consumed considerable money) and in Australia raising money as well as addressing the operational needs of the company. To meet this challenge CBio has been organized with a horizontal structure that allows for this disruption and distraction and still seamlessly produce:

- \$8.6 million of funding in equity and debt in the period 1.7.07 to 30.6.08 and a further \$1.4 million since 1.7.08 but excluding monies being received from the Prospectus currently in the market
- Commenced a 150 patient placebo controlled Phase IIa Clinical trial of our XToll[®] drug at 14 sites across Australia and New Zealand seeking efficacy data in the disease Rheumatoid Arthritis with the drug being administered by subcutaneous means
- Conclude an Agreement with Novo Nordisk A/S which depending on the outcome of the current clinical trial will result in the further development of our XToll[®] drug and hopefully its commercialization
- Completed six Toxicology Studies in Australia and the USA, in two species meeting regulatory needs
- Filed 125 Patent applications over uses of and variants of Cpn10
- Discovered two mutants of Cpn10 additional to XToll[®] which appear to present different modalities to XToll[®] and which may have use for treating specific diseases in a different and more efficacious manner than XToll[®]
- In animal studies and at the preclinical level produced strong data that indicates that XToll[®] may have utility in helping to treat Lupus Nephritis, Psoriasis and perhaps even MS
- Have completed the first of 4 stages of a scale-up, GMP Compliant CMC (production) program with a major overseas contractor which has validated the production protocols and assays used and which complies with US FDA and European EMEA regulations.
- The addition to the Board of internationally acclaimed directors in Dr Goran Ando, Dr Peter Corr and Professor John Funder the combination of which

present a unique combination of skills in Science and Drug Development not only in Australia but arguably in the world.

In a "biotech" the contribution and stewardship of these colleagues in the direction of the Company and mentoring of staff and management cannot be overstated. And of course the impeccability of their international drug company connections cannot go unnoticed.

I think these results speak for themselves. They are the products of the CBio family and I would be surprised that any other organization assailed by so many distractions and stresses would be able to continue let alone produce the outcomes that I have listed above. And doing so cheerily and enthusiastically always aware that the financial Sword of Damocles was hovering over theirs and the Company's heads, ready to fall at any time. It is a great privilege and honour to head this family.

The year ahead will define whether the company succeeds or fails in its quest to become a profitable drug developer. Simply put, if the results of the current clinical trial are as profound as the past intravenous trial in RA published in The Lancet and the Composition of Matter Patent is issued in the major jurisdictions, the Company will be a success.

The Clinical Trial currently has 27 patients on drug and pre-screening of over 250 potential patients is happening as I speak. The duration of the trial is 3 months on drug with a 3 month extension protocol applying. As the trial is blinded the results will not be available until the study completion. The Trial started in May 2008 with first patient on drug in late June 2008. Though it is not possible to infer anything but anecdote from blinded data, it is equally improbable that placebo responses (by themselves) will produce exceptionally strong biological effects from a blinded data set.

I am confident that if at the 75 Patient mark we see strong signals of biological effect and if major jurisdictions grant our Composition of Matter Patent, the Company will be in a strong position to see its XToll[®] technology commercialised. Hopefully with Novo Nordisk A/S.

I do not have to describe to you the financially parlous state of the debt and equity markets worldwide and effecting Australia. These markets are necessary for companies and individuals to source capital.

That being said and in the case of CBio, to achieve the 2 critical outcomes that I have identified as precursors to commercialisation and success for CBio requires that money be continually available to the Company until CBio can sustain itself from internally generated earnings.

Thus I ask that as your circumstances allow that you please take up your allotted rights offered to you in the current Prospectus and any shortfall.

This concludes my address and needless to say and as required by the Corporations Act we will inform the market as these 2 crucial matters progress hopefully to satisfactory results and if so I will see you all (god willing) this time next year.

Stephen Jones
Executive Chairman