

Rule 2.7, 3.10.3, 3.10.4, 3.10.5

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000, 30/9/2001, 11/3/2002, 1/1/2003, 24/10/2005.

Name of entity

CBio Limited

ABN

76 094 730 417

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|--|--|
| 1 | +Class of +securities issued or to be issued | Ordinary fully paid shares (Ordinary Shares)

Unlisted Options over Ordinary Shares (Options)

Convertible Note (the Note) |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 2,000,000 Ordinary Shares

50,000 Options

A\$200,000 Note |
| 3 | Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price | <u>Ordinary Shares</u>
Ordinary Shares will rank pari passu with existing Ordinary Shares. |

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and dates for conversion)

Note

- The principal amount of the Note is A\$200,000 (the **Principal Amount**).
- The Note does not bear interest and is unsecured.
- On maturity, the Note shall convert into new Ordinary Shares of the Company determined by dividing the Principal Amount to be converted by the lesser of:
 1. 140% of the average of the daily VWAPs per Share for the twenty (20) consecutive Trading Days immediately prior to 16 May 2010; and
 2. 90% of the lowest daily VWAP per Share during the twenty (20) Trading Days immediately prior to the Repayment Date of that Repayment, (the **Conversion Price**)
- The Ordinary Shares issued upon conversion of the Note will rank pari passu with existing Ordinary Shares.
- On each repayment date, the Company shall grant the Investor, or its nominee or designee, Options in the number equal to 20% of the number of the new Ordinary shares (calculated as per point 3 above) issued or issuable on that repayment date, exercisable at a price equal to 130% of the Conversion Price applicable to the repayment.
- The Note does not carry any voting rights at meetings of shareholders of the Company, and has no rights of participation in any rights issue undertaken by the Company prior to conversion of the Note.

Options

The Options will not be quoted. The Options are exercisable at \$0.517 per Option on or before 16 May 2015 and upon exercise, the Ordinary Shares issued will rank pari passu with existing Ordinary Shares.

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<p>4 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 	<p>The Ordinary Shares will rank pari passu with existing Ordinary Shares.</p> <p>On conversion of the Note, the Ordinary Shares will rank pari passu with existing Ordinary Shares.</p> <p>The Options will not be quoted and the Ordinary Shares issued upon exercise of the Options will rank equally with existing Ordinary Shares.</p>						
<p>5 Issue price or consideration</p>	<p>1,200,000 Ordinary Shares- \$0.311 per Ordinary Share 800,000 Ordinary Shares- issued in relation to the provision of a convertible loan facility 50,000 Options- issued in relation to the provision of a convertible loan facility A\$200,000 cash</p>						
<p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>Issue of Ordinary Shares, Options and Note pursuant to the Convertible Loan Agreement, details of which were announced to the market on 17 May 2010.</p>						
<p>7 Dates of entering +securities into uncertificated holdings or despatch of certificates</p>	<p>17 May 2010</p>						
<p>8 Number and +class of all +securities quoted on ASX (including the securities in clause 2 if applicable)</p>	<table border="1"> <thead> <tr> <th data-bbox="766 1646 1069 1691">Number</th> <th data-bbox="1069 1646 1364 1691">+Class</th> </tr> </thead> <tbody> <tr> <td data-bbox="766 1691 1069 1758">63,221,564</td> <td data-bbox="1069 1691 1364 1758">Ordinary Shares</td> </tr> <tr> <td data-bbox="766 1758 1069 1904">9,506,895</td> <td data-bbox="1069 1758 1364 1904">Share options exercisable at \$1.00 each on or before 31 December 2012</td> </tr> </tbody> </table>	Number	+Class	63,221,564	Ordinary Shares	9,506,895	Share options exercisable at \$1.00 each on or before 31 December 2012
Number	+Class						
63,221,564	Ordinary Shares						
9,506,895	Share options exercisable at \$1.00 each on or before 31 December 2012						

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	Number	+Class	
9	Number and +class of all +securities not quoted on ASX (including the securities in clause 2 if applicable)	See Attachment A	Restricted fully paid shares and share options, unlisted share options and convertible notes.
10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	Not applicable	

Part 2 – Bonus issue or pro rata issue

11	Is security holder approval required?	Not applicable	
12	Is the issue renounceable or non-renounceable?	Not applicable	
13	Ratio in which the +securities will be offered	Not applicable	
14	+Class of +securities to which the offer relates	Not applicable	
15	+Record date to determine entitlements	Not applicable	
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	Not applicable	
17	Policy for deciding entitlements in relation to fractions	Not applicable	
18	Names of countries in which the entity has +security holders who will not be sent new issue documents Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.	Not applicable	
19	Closing date for receipt of acceptances or renunciations	Not applicable	

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20	Names of any underwriters	Not applicable
21	Amount of any underwriting fee or commission	Not applicable
22	Names of any brokers to the issue	Not applicable
23	Fee or commission payable to the broker to the issue	Not applicable
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of +security holders	Not applicable
25	If the issue is contingent on +security holders' approval, the date of the meeting	Not applicable
26	Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled	Not applicable
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	Not applicable
28	Date rights trading will begin (if applicable)	Not applicable
29	Date rights trading will end (if applicable)	Not applicable
30	How do +security holders sell their entitlements <i>in full</i> through a broker?	Not applicable
31	How do +security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	Not applicable

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32 How do +security holders dispose of their entitlements (except by sale through a broker)?

33 +Despatch date

Part 3 – Quotation of securities

You need only complete this section if you are applying for quotation of securities

34 Type of securities
(tick one)

(a) Securities described in Part 1

(b) All other securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

35 If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders

36 If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories

1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over

37 A copy of any trust deed for the additional +securities

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Entities that have ticked box 34 (b)

38 Number of securities for which +quotation is sought

Not applicable

39 Class of +securities for which quotation is sought

Not applicable

40 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?

If the additional securities do not rank equally, please state:

- the date from which they do
- the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
- the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment

Not applicable

41 Reason for request for quotation now

Example: In the case of restricted securities, end of restriction period

(if issued upon conversion of another security, clearly identify that other security)

Not applicable

	Number	+Class
42 Number and +class of all +securities quoted on ASX (including the securities in clause 38)	Not applicable	

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Quotation agreement

1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.

- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here:



(Company secretary)

Date: .17 May 2010

Print name: BEN GRAHAM

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ATTACHMENT A

Number and ⁺class of all ⁺securities not quoted on ASX (*including* the securities in clause 2 if applicable)

(a) ASX Restricted Securities (not quoted)

Number	⁺ Class
3,359,744	Ordinary fully paid shares, classified by ASX as restricted securities and to be held in escrow for a period of 24 months from the commencement of official quotation
11,597,253	Ordinary fully paid shares, classified by ASX as restricted securities and to be held in escrow for a period of 12 months from the date of issue
15,087,494	Share options exercisable at \$1.00 each on or before 31 December 2012, classified by ASX as restricted securities and to be held in escrow for a period of 24 months from the commencement of official quotation
4,780,460	Share options exercisable at \$1.00 each on or before 31 December 2012, classified by ASX as restricted securities and to be held in escrow for a period of 12 months from the date of issue.

(b) Securities Not Quoted

Number	⁺ Class
710,000	Share options exercisable at \$2.00 each on or before 31 December 2012
600,000	Share options exercisable at \$3.00 each on or before 31 December 2012
50,000	Share options exercisable at \$0.517 each on or before 16 May 2015

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(c) Convertible Notes on Issue

Value \$	Conversion Rate \$	Shares issued if converted	Options issued if converted	Option exercise price \$	Note expiry
125,000	0.50	250,000	125,000	1.00	31 Dec 2010
2,000,000	0.50	4,000,000	2,500,000	1.00	30 Jun 2011
2,000,000	0.286	7,000,000	2,500,000	1.00	31 Dec 2011
200,000	(i)	(i)	(ii)	(ii)	14 June 2010
4,325,000	-	11,250,000	5,125,000	-	-

- (i) On maturity, the Note shall convert into new Ordinary Shares of the Company determined by dividing the Principal Amount to be converted by the lesser of:
- 140% of the average of the daily VWAPs per Share for the twenty (20) consecutive Trading Days immediately prior to 16 May 2010; and
 - 90% of the lowest daily VWAP per Share during the twenty (20) Trading Days immediately prior to the Repayment Date of that Repayment,
(the **Conversion Price**)
- (ii) On each repayment date, the Company shall grant the Investor, or its nominee or designee, Options in the number equal to 20% of the number of the new Ordinary Shares (calculated as per (i) above) issued or issuable on that repayment date, exercisable at a price equal to 130% of the Conversion Price applicable to the repayment.

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