

27 September 2010

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

Dear Sir;

Non-Renounceable Rights Issue Section 708AA Notice

CBio Limited ("CBio" or "the Company") announced on 27 September 2010 that it will undertake a non-renounceable rights issue of up to 58,288,658 fully paid ordinary CBio shares to its Shareholders (**Offer**) on the basis of an entitlement to subscribe for 5 ordinary CBio shares (**New Shares**) for every 7 existing CBio shares (**Existing Shares**) held at the Record Date, being 7:00pm (AEDST) on 6 October 2010 with each New Share being issued at an issue price of \$0.16 to raise approximately \$9.3 million (**Offer**).

The Company states that it will offer the New Shares for issue without disclosure to investors under section 708AA(2)(f) of the *Corporations Act 2001* (**Corporations Act**) as modified by ASIC Class Order 08/35 (**CO 08/35**).

Further details regarding the Issue are set out in the Information Booklet accompanying this Notice.

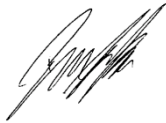
For the purposes of section 708AA(7) Corporations Act, CBio advises that:

- (a) the Company's 30 June 2010 Financial Statements will be reported to the market on 30 September 2010;
- (b) the Company today entered into a Loan Facility Agreement with a related entity of Dr Michael Monsour, a Non-executive Director of CBio. The facility limit is \$300,000 and funds under this facility may be used for working capital purposes. The terms of the facility are normal commercial terms and have been entered into on an arms length basis. Funds drawn under this facility are unsecured, are interest bearing at 10% pa, and are repayable on demand.
- (c) the New Shares will be offered for issue without disclosure under Part 6D of the Corporations Act as modified by CO 08/35;
- (d) this Notice is given under section 708AA(2)(f) Corporations Act as modified by CO 08/35;
- (e) as at the date of this Notice, the Company has complied with the provisions of:
 - (i) chapter 2M Corporations Act as they apply to CBio; and
 - (ii) section 674 Corporations Act;
- (f) this Offer is not underwritten. However as at this date firm commitments for Shortfall New Shares amounting to \$8.4 million have been received;

- (g) as at the date of this Notice, there is no excluded information of the type referred to in section 708AA(8) and 708AA(9) Corporations Act as modified by CO 08/35;
- (h) the issue of New Shares pursuant to the Issue is not expected to have any material effect or consequence on the control of CBio, but is dependent on a number of factors including investor demand. However:
 - (i) if all Shareholders take up their Rights under the Issue, then the Offer will have no effect on the control of the Company; and
 - (ii) to the extent that any Shareholders fail to take up their Rights under the Offer, those Shareholders' percentage holdings in the Company will be diluted by those other Shareholders who take up some, all or more than (i.e. by subscribing for additional shares under the Top Up Facility) their Rights.

Further details regarding the Issue are set out in the Information Booklet.

Yours sincerely



BEN GRAHAM
Company Secretary