



RIGHTS ISSUE INFORMATION BOOKLET Pursuant to Section 708AA(2)

CBio Limited
ACN 094 730 414

A non-renounceable rights issue of approximately 58,288,658 New Shares on the basis of five (5) New Shares for every seven (7) Shares held at an issue price of \$0.16 per New Share.

This Information Booklet is not a prospectus and does not contain all of the information that an investor may require in order to make an informed investment decision regarding the New Shares offered by the Information Booklet.

If you are an Eligible Shareholder this Information Booklet is important and requires your immediate attention. It should be read in its entirety. If after reading this Information Booklet you have any questions about the New Shares being offered or any other matter, you should consult your professional adviser.

This Offer closes at 5.00pm AEDST on 27 October 2010
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**An investment in New Shares offered under this Information Booklet
should be considered speculative.**

**Corporate Advisor
Baker Young Stockbrokers Limited
Australian Financial Services Licence No. 246735**

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LETTER FROM THE CHAIRMAN

Dear Shareholder,

I am pleased to provide to Eligible Shareholders this Offer for New Shares in CBio Limited. The Company is conducting a non-renounceable rights issue of 5 New Shares for every 7 existing Shares at an Issue Price of \$0.16 to raise up to approximately \$9.3 million.

The primary purpose of this Offer is to raise the necessary funds not raised at IPO, but provided for in the IPO, to complete the current phase IIa rheumatoid arthritis (RA) clinical trial including receipt of the final trial report and supporting development activities currently in progress. At the date of this Information Booklet, all of the planned 150 patients have been recruited, with 96 patients having passed the 12 week primary end-point, and 78 patients having completed the 24 week trial.

Since listing on the ASX in February this year, CBio has continued to complete key activities and its development program milestones including:

- Full provision of supply of drug for the current RA trial;
- Opening new trial sites in Central and Eastern Europe which has enabled full recruitment into the clinical trial to be achieved ahead of expected timeframes;
- Progression of dosing of trial patients and collection of data from the trial;
- Achievement of the trial recruitment milestone and subsequent receipt of US\$1million from Novo Nordisk under our Option Agreement;
- Further strengthening of our patent portfolio, including an anticipated issue of the key composition of matter patent for XToll® in Europe;
- The commencement of two Australian Research Council Linkage Grants which will provide data and information to further assist our understanding of XToll®'s method of action; and
- Investigating and pursuing solutions with respect to manufacturing scale-up, which, if successful, will enable drug to be produced for subsequent long-term toxicology studies and seamless transition to later stage clinical trials.

I wish to emphasise that to realise the value of the asset which CBio is developing the Company must complete the current phase II study in RA, finalise the clinical trial report, and conclude a commercial transaction with a big pharma company. Accordingly, the opportunity to realise this value will only be enabled if adequate and timely funding is available to the Company to fund these activities and the clinical trial proves successful.

The Offer Price has been determined having regard to the market price for the Company's shares and represents a 24% discount to the last traded price on 22 September 2010.

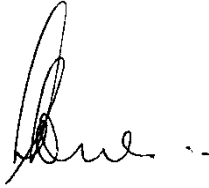
Eligible Shareholders may accept their entitlement and in doing so avoid a relative dilution in their holding. Eligible Shareholders may also wish to apply for additional shares in excess of their entitlement under the Top Up Facility. The Directors believe the Offer Price is attractive having regard to the Company's continued progression through program milestones since IPO.

The Company has appointed Baker Young Stockbrokers Limited ('BYS') as Corporate Advisor to the offer. To the extent there are any Shortfall New Shares at the close of the Offer, BYS has been engaged to assist in placing

those shares, and in this respect I am pleased to advise that as at the date of this Information Booklet, firm commitments amounting to \$8.4 million have been received. Funds raised from such a placement will be applied in a manner consistent with the objectives described in this Information Booklet.

I encourage you to read this Information Booklet in full before making your investment decision. On behalf of the Board of Directors, I commend this Offer to you.

Yours sincerely

A handwritten signature in black ink, appearing to read 'S. Jones', with a small flourish at the end.

Stephen Jones
Executive Chairman

1. IMPORTANT INFORMATION

IMPORTANT NOTICES

This Information Booklet is dated 27 September 2010.

This Issue is being made without a prospectus in accordance with section 708AA of the Corporations Act. This Information Booklet is not a prospectus or any other form of disclosure document regulated by the Corporations Act and has not been lodged with ASIC. Accordingly, this Information Booklet does not contain all of the information which a prospective investor may require to make an investment decision and it does not contain all of the information which would otherwise be required by Australian law or any other law to be disclosed in a prospectus. The information in this Information Booklet does not constitute a securities recommendation or financial product advice.

This Information Booklet is important and should be read in its entirety before deciding to participate in the Issue. This Issue does not take into account, and this Information Booklet has been prepared without taking into account, the investment objectives, financial or taxation situation or particular needs of any Shareholder.

Before applying for New Shares or Top Up Shares, each Shareholder should consider whether such an investment, and the information contained in this Information Booklet, is appropriate to their particular needs, and considering their individual risk profile for speculative investments, investment objectives and individual financial circumstances. Each Shareholder should consult their stockbroker, solicitor, accountant or other professional adviser without delay.

Neither the Company, nor any other person guarantees the repayment of capital or the payment of income. Investors should note that the past share price performance of the Company provides no guidance to its future share price performance.

By returning an Acceptance Form and cheque / bank draft or otherwise arranging for payment for your New Shares or Top Up Shares through BPay in accordance with the instructions on the Acceptance Form, you acknowledge that you have received and read this Information Booklet, you have acted in accordance with the terms of the Issue detailed in this Information Booklet and you agree to all of the terms and conditions as detailed in this Information Booklet.

No overseas offering

This Information Booklet and the accompanying Acceptance Form does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. In particular, this Information Booklet does not constitute an offer to Ineligible Shareholders. No action has been taken to lodge this Information Booklet in any jurisdiction outside of Australia, or to otherwise permit a public offering of Rights or Shares, in any jurisdiction outside Australia or New Zealand.

This Information Booklet is not to be distributed in, and no offer of New Shares or Top Up Shares is to be made in countries other than Australia and New Zealand. The distribution of this Information Booklet in jurisdictions outside Australia may be restricted by law and therefore persons who come into possession of this Information Booklet should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

Definitions, currency and time

Definitions of certain terms used in this Information Booklet are contained in section 6 of this document. All references to currency are to Australian dollars and all references to time are to Australian Eastern Daylight Saving Time (AEDST), unless otherwise indicated.

Entire Agreement

Subject to this paragraph, the terms contained in this Information Booklet constitute the entire agreement between the Company and you as to the Issue and your participation in the Issue is to the exclusion of all prior representations, understandings and agreements between the Company and you.

Governing law

This Information Booklet, the Issue and the contracts formed on acceptance of the Applications are governed by the law applicable in Queensland, Australia. Each Applicant submits to the exclusive jurisdiction of the courts of Queensland, Australia.

Disclaimer

No person is authorised to give any information or to make any representation in connection with the Issue which is not contained in this Information Booklet. Any information or representation in connection with the Issue not contained in the Information Booklet may not be relied upon as having been authorised by the Company or any of its officers.

Continuous reporting and disclosure obligations

The Company is a 'disclosing entity' (as defined in the Corporations Act) and as such is subject to regular reporting and disclosure obligations under the Corporations Act and the Listing Rules. These obligations require the Company to notify ASX of information about specific events and matters as they arise for the purpose of ASX making the information available to the securities market conducted by ASX. In particular, the Company has an obligation under the Listing Rules (subject to certain limited exceptions), to notify ASX once it is, or becomes aware of information concerning the Company which a reasonable person would expect to have a material effect on the price or value of the Company's Shares. ASX maintains records of company announcements for all companies listed on ASX. The announcements of the Company are available for inspection at ASX and may be viewed on the ASX website at www.asx.com.au.

The Company is also required to prepare and lodge with ASIC yearly and half-yearly financial statements accompanied by a Directors' statement and report, and an audit review or report. The Company also lodges a Quarterly Commitments Report which sets out the Company's quarterly cash position. Copies of documents lodged with ASIC in relation to the Company may be obtained from, or inspected at, an office of ASIC.

Rights Issue Information Booklet and disclosure obligations

This Information Booklet is issued pursuant to section 708AA of the Corporations Act as an Information Booklet for the offer of securities for issue, under a rights issue, without disclosure to investors under Part 6D.2 of the Corporations Act. Pursuant to the conditions imposed on the Company by section 708AA of the Corporations Act for the making of a rights issue without disclosure to investors, the Company provided ASX with a notice that complied with the requirements of section 708AA(7) on 27 September 2010 (Notice), prior to despatch of this Information Booklet. In addition to certain minor and technical matters, the Notice was required to:

- set out any information that had been excluded from a continuous disclosure notice in accordance with the Listing Rules and that investors and their professional advisers would reasonably require, and would reasonably expect to find in a disclosure document, for the purpose of making an informed assessment of:
 - the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; or
 - the rights and liabilities attaching to the New Shares; and

- state the potential effect of the issue of the New Shares on control of the Company and the consequences of that effect.

2. KEY DETAILS OF THE OFFER

2.1. Description of the Offer

CBio Limited is seeking to raise approximately \$9.3 million through a non-renounceable rights issue of approximately 58,288,658 New Shares on the basis of 5 New Shares for every 7 Shares held, at an issue price of \$0.16 per New Share.

The Offer will provide current Eligible Shareholders an opportunity to acquire new Shares in the Company so as to fund further development of CBio's leading drug candidate, XToll®. Eligible Shareholders have the right to apply for five (5) New Shares for every seven (7), rounded up for any partial entitlements, held as at the Record date, being 7.00pm (AEDST), 6 October 2010. In addition, Eligible Shareholders may apply for additional Shares over and above their entitlement under the Top Up Facility. Existing Option holders cannot participate in this Offer unless they have exercised the Options before the Record Date.

2.2. Important Dates

Event	Date
Issue of Information Booklet	27 September 2010
Ex-date for entitlement to New Shares	29 September 2010
Record Date to determine entitlement to New Shares	6 October 2010
Information Booklet, Entitlement and Acceptance Forms despatched	12 October 2010
Closing date for acceptance and payment of Issue Price	27 October 2010
Allotment date on or before	4 November 2010
Date by which Shortfall New Shares may be placed	25 January 2011

All dates and times are subject to change and are indicative only. All times are AEDST. The Company reserves the right to vary these dates and times without prior notice, including the right to close the Offer early, or to withdraw the Offer, or to accept late Applications. Applicants are encouraged to submit their Application Form as soon as possible.

2.3. Purpose of the Offer and Utilisation of Funds

The purpose of the Offer is to allow existing shareholders to participate at \$0.16 per New Share to raise up to \$9.3 million to be applied to working capital requirements. Specifically, these funds would enable completion of dosing for the current clinical trial and receive the final study report; continue activities relating to our patent portfolio; provide drug for ongoing development requirements as well as on-going analytical testing including undertaking formulation studies; prepare, submit and attend a pre-IND meeting with the FDA in the USA concerning the Company's development program; provide for all laboratory and office costs associated with the business and necessary for a listed company; meet interest payments on convertible notes currently on issue; and meeting the anticipated costs relating to this Offer. These activities and anticipated associated use of funds are summarised below.

	Use of Funds
	\$m
Phase IIa clinical trial in rheumatoid arthritis including receipt of the final study report	3.7
Intellectual property patent costs, research and other studies	1.6
Drug manufacturing costs	1.0
Regulatory and pre-IND application with FDA	0.1
Overhead costs including personnel, office, administrative, compliance and other corporate costs	1.5
Interest on convertible notes	0.5
Capital raising costs for this Offer	0.9
	<hr/> \$9.3 <hr/>

There is no minimum funding set for this Offer. In the event that the total amount under this Offer is not raised, CBio may place the Shortfall New Shares within three months of the close of this Offer, as well as pursue a number of potential debt and equity raising opportunities of the type that are normally available to public companies. In the event that less than \$9.3 million is raised, the Company will prioritise funding with the priority towards progressing the Phase IIa clinical trial in rheumatoid arthritis, to meeting the expenses of the Offer and otherwise minimise its working capital requirements and costs.

2.4. Terms of New Shares

Shares issued under this offer rank *pari passu* with existing Shares on issue. The rights and liabilities attaching to all Shares are detailed in the Company's constitution.

2.5. Withdrawal

The Company reserves the right to withdraw the Offer, at any time before the allotment of New Shares. If the Offer does not proceed, Application Monies will be refunded. No interest will be paid on any Application Monies refunded as a result of the withdrawal of the Offer.

2.6. Rights of Eligible Shareholders

An Acceptance Form setting out your Rights to New Shares accompanies this Information Booklet. As a result of this Issue, Eligible Shareholders who do not take up all of their Rights will have their percentage shareholding in the Company diluted. Eligible Shareholders have the opportunity to subscribe for all, part or none of their Rights to New Shares.

Top Up Facility

In addition, Eligible Shareholders may, under the Top Up Facility, apply for additional New Shares over and above their Rights. There is no guarantee they will receive the amount applied for, or any, Top Up Shares.

There is no cap on the number of additional New Shares Eligible Shareholders may apply for, although the Top Up Share pool will be limited to the amount of shortfall available under the Issue. The Directors, in consultation with the Corporate Advisor, have the right to reject any application for Top Up Shares and to determine how the Top Up Share pool will be allocated.

Rights Trading

The Issue is non-renounceable, meaning that there will be no trading of Rights on ASX. Any New Shares not taken up by the Closing Date will comprise the pool of Top Up Shares. If Applications for the Top Up Shares do not utilise the available pool, the Company may place these Shortfall New Shares.

2.7. Shareholders resident outside Australia

The Company will only extend the Offer to Eligible Shareholders with registered addresses in Australia and New Zealand. The Company considers it would be unreasonable to extend the Offer to Shareholders with registered addresses in other jurisdictions having regard to the small number of such Shareholders, the small number and value of securities that would be offered in such jurisdictions and the costs of complying with legal and regulatory requirements in those jurisdictions.

It is the responsibility of any person who comes into possession of this Information Booklet outside Australia to ensure compliance with all laws of any country relevant to their Application. Any person not in Australia considering taking up their entitlement and Shareholders who are resident outside those countries should consult their professional advisers as to whether or not any governmental or other consents are required, or if other formalities need to be observed, to enable them to apply for the New Shares under this Offer.

This Offer does not constitute an offer in the United States or in any place in which, or to any person to whom, it would not be lawful to make such an offer.

2.8. Underwriting

The Offer is not underwritten.

2.9. Allotment

The date for the New Shares allotted as a result of the Offer is expected to be no later than 4 November 2010. All Shareholders who accept the Offer will receive their Entitlement in full. Application monies relating to any rejected applications for Top Up Shares in accordance with 2.6 above will be refunded without interest. In accordance with ASX Listing Rule 7.2 Exception 3, the Company may seek to place Shortfall New Shares which are not applied for by Shareholders under the Offer. The Directors reserve the right to issue the Shortfall at their discretion. Such Shortfall New Shares must be issued within 3 months of the Closing Date and must not be less than the price the New Shares are offered at under the rights issue.

2.10. CHESS

The Company will apply to have the New Shares issued under this Issue admitted to participate in CHESS in accordance with the Listing Rules and the ASTC Settlement Rules. The Company will operate an electronic issuer-sponsored sub-register and an electronic CHESS sub-register. The two sub-registers together will make up the principal register of New Shares.

2.11. Advisers and Expenses of the Offer

The Company has appointed Baker Young Stockbrokers Limited (BYS) as Corporate Advisor to manage and assist the Company with the Offer. BYS' fees for these services are \$20,000 plus GST and 2% plus GST on total funds raised. Under the mandate terms, the Company has agreed to indemnify BYS against specified losses incurred by BYS, but excluding certain losses on account of negligence, recklessness, willful misconduct, willful breach or fraud.

Parties (which may include BYS) who have provided firm commitments to subscribe for Shortfall New Shares are entitled to a fee comprising of 6% plus GST of the total commitment payable in cash and up to 4% plus GST of the total commitment payable in Shares in the Company at the Offer Price. In accordance with ASX Listing Rules, Shares to be issued in respect of this fee is subject to approval by Shareholders prior to the issue being made for the purposes of ASX Listing Rule 7.1.5. As at the date of this Information Booklet firm commitments amounting to \$8.4 million have been received.

The total expenses of the Offer payable in cash by the Company, including fees to external financial and legal advisers, commitment fees for Shortfall New Shares, and for share registry services, are estimated to be \$899,000.

3. CAPITAL STRUCTURE

3.1. Issued Capital

Number of existing Shares	81,604,121
Number of New Shares offered under this Offer	58,288,658
Number of Shares on issue after this capital raising	139,892,779
Issue Price per New Share	\$0.16
Market capitalisation at Issue Price after this capital raising (undiluted)	\$22.4 million

As described in section 2.11 additional shares may be issued by way of fees to parties taking a placement of Shortfall New Shares, subject to shareholder approval.

The impact on the capital structure of this Offer is that cash will initially increase by up to approximately \$9.3m (before expenses of the Offer). The number of Shares on issue will increase by up to 58,288,658 up to 139,892,779. This assumes that none of the Options currently on issue (refer section 4.2) are exercised or that the Convertible Notes currently on issue (refer section 4.3) are converted or that no shares under the Convertible Loan Agreement (refer section 4.4) are acquired prior to the Record Date.

The Board considers it unlikely that a significant number of existing Options will be exercised or Convertible Notes converted to shares, if any, prior to the Record Date. In the event that any securities are exercised or converted to acquire ordinary shares, any funds raised will be applied to the general working capital of the Company.

3.2. Options currently on issue

At the date of this Information Booklet there are 33,027,107 Options on issue. Options have varying exercise prices ranging from \$0.234 to \$3.00 per Option and mostly expire on 31 December 2012. If all currently issued Options were exercised, then the Company would receive \$33,707,147 and the total number of Shares would increase by 33,027,107.

3.3. Convertible Notes currently on issue

As at the date of this Information Booklet there are five convertible notes on issue and if the convertible notes were all converted into Shares in CBio, the total number of Shares would increase by 11,250,000 and the total number of Options would increase by 5,125,000. If these Options were in turned exercised, the Company would receive \$5,125,000 and the total number of shares on issue would increase by 5,125,000.

If a reorganisation occurs, an adjustment will be made to the number of Shares to which a noteholder is entitled upon conversion of the notes so that the entitlement of the Shares issues on conversion of the notes to participate in the profits and assets of the Company will be the same as the entitlement of the Shares into which the notes would have converted had there been no reorganisation.

3.4. Convertible Loan Agreement

At the date of this Offer, the Company has a Convertible Loan Agreement with SpringTree Special Opportunities Fund, LP. This facility allows monthly tranches of a minimum of \$150,000 and up to \$350,000 to be drawn through

to April 2012, subject to the requisite Company shareholder approvals and on-going compliance with the terms of the agreement. As at the date of this Information Booklet there is one convertible note with a face value of \$150,000 on issue under this facility.

The Company must repay each tranche 28 days after the drawing of the tranche and typically will be repaid by the issue of Shares at a conversion price equal to the lesser of:

- 1) 140% of the average of the daily VWAP per Share for the 20 trading days immediately prior to 16 May 2010, which equates to \$0.60; and
- 2) 90% of a daily VWAP per Share during a specified period prior to the repayment.

The Company will also issue Options in the number equal to 20% of the Shares used to repay each tranche issued on each repayment date. These Options have an exercise price of 130% of the conversion price applicable to each repayment.

For the purposes of this Information Booklet and in the Use of Funds in Section 2.3, it is assumed that no further monthly tranches will be drawn.

In accordance with the terms of the Convertible Note Agreement, and as a result of this Offer, the exercise price of Options issued under this Agreement will be reduced in accordance with the ASX Listing Rules in relation to pro-rata issues. A final determination of changes in exercise price will be made as soon as practicable after the Record Date on 6 October 2010. There is no impact as a result of this Offer to the number of Shares to be issued upon subsequent exercise of these Options.

3.5. Loan Facility

On 27 September 2010 the Company 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.

3.6. Financial Statements

The Appendix 4E for the Year to 30 June 2010 was reported to the market on 30 August 2010, and the most recent reviewed Financial Statements are contained in the 31 December 2009 Half Year Financial Report, both of which are available on the Company's website at www.cbio.com.au or via www.asx.com.au. The Company's 30 June 2010 Financial Statements will be reported to the market on 30 September 2010. Previous Annual Reports and other financial information are also available on the Company's website. This information contains detailed information concerning the financial performance and operations of the Company and may be of particular interest to investors, professional analysts and advisers.

4. RISKS

4.1. Risk factors

The CBio business is subject to risk factors, both specific to its business activities, and risks of a general nature. Individually, or in combination, these might affect the future operating performance of CBio and the value of an investment in the Company. There can be no guarantee that CBio will achieve its stated objectives or that any forward-looking statements or forecasts will eventuate. An investment should be considered in light of relevant risks, both general and specific. Each of the risks set out in this section could, if they eventuate, have a material adverse impact on CBio's operating performance and profits, and the market price of the New Shares. Before deciding to invest in the Company, potential investors should:

- Read the entire Information Booklet;
- Consider the risk factors that could affect the financial performance of CBio;
- Review these factors in light of their personal circumstances; and
- Seek professional advice from their accountant, stockbroker, lawyer or other professional adviser before deciding whether to invest.

4.2. General investment risks

Share market investments

As the New Shares will be quoted on the ASX, their price might rise or fall and they might trade at prices below or above the Offer Price. There can also be no assurance that an active market is available for the New Shares. Factors affecting the price at which the New Shares are traded on the ASX include domestic and international economic conditions. In addition, the prices of many listed entities' securities are affected by factors that might be unrelated to the operating performance of the relevant company. Such fluctuations might adversely affect the price of the New Shares.

General economic conditions

CBio's operating and financial performance is influenced by a variety of general economic and business conditions including the level of inflation, interest rates and government fiscal, monetary and regulatory policies. Prolonged deterioration in general economic conditions, including an increase in interest rates, could be expected to have a corresponding adverse impact on the Company's operating and financial performance.

Accounting standards

Australian accounting standards are set by the Australian Accounting Standards Board (AASB) and are outside the Directors' and CBio's control. Changes to accounting standards issued by AASB could materially adversely affect the financial performance and position reported in CBio's financial statements.

Taxation risks

A change to the current taxation regime in Australia or overseas may affect CBio and its Shareholders. Personal tax liabilities are the responsibility of each individual investor. CBio is not responsible either for taxation or penalties incurred by investors.

4.3. Specific investment risks

The details contained in this Information Booklet concerning the application of funds are based on estimates and assumptions about certain events and circumstances which have not yet taken place, and are subject to variation and possible non-fulfilment. The Company is involved in technology development. There can be no assurances as to the accuracy of estimated expenditure under the table for the application of funds under this Information

Booklet. If this Offer is not fully subscribed, and in the absence of other sources of funding on a timely basis, then the development of Cpn10 and the drug's clinical development program will be delayed.

XToll® / Cpn10 risk

The drug, Cpn10 and its success in testing is important to the prospects of the Company. If the Company's technology does not lead to products and services being accepted in the markets for which they are intended, it is unlikely that CBio will ever become profitable. Specifically, investors must be aware that, despite the promising results of research and development to date, it is distinctly possible that the Cpn10 drug may ultimately not be capable of human application. In parallel with the risk of showing little or no efficacy, there is also exists the risk of the occurrence of Serious Adverse Events (SAEs) which can, in the worst case, halt further development or severely limit commercial opportunity.

Commercialisation transaction

The Company may not be able to successfully negotiate and conclude a suitable commercialisation transaction within anticipated timeframes using funds raised from this Offer, which may necessitate raising further capital. The Company may not be able to raise money when it is needed, the terms may not be favourable and may dilute the ownership of holders of its securities. Additionally, a commercialisation transaction may not realise value in the manner and timeframe expected.

Product acceptance

The Company's product is new and currently unregistered for commercial use. Once registered for commercial use, in order to be successful, Cpn10 must meet the requirements of the markets for which they are intended, and potential customers must be convinced to use Cpn10 instead of competing technologies.

Development risk

Pharmaceutical products have lengthy development cycles, which could cause the Company's operating results to fluctuate significantly. Sales of the Company's products may typically involve significant evaluation and development. Accordingly, the development cycles associated with the products and their optimisation to achieve market penetration are expected to be lengthy and subject to a number of significant risks, including Australian Therapeutic Goods Administration (TGA) and the United States Food and Drug Administration (FDA) approval, customers' preferences, the Company's potential strategic research partners' choices as to which types of projects to fund, the Company's competitors' developments and significant regulatory approvals, each of which is beyond the Company's control. The Company expects to continue to experience significant fluctuations as a result of a variety of factors, many of which are outside of the Company's control.

The Company will depend in part on third-party products and services and sole or limited sources of supply to manufacture some components of its products. The Company will rely on outside vendors to manufacture many of the components used in the products. Some of these components will be obtained from a single supplier or a limited group of suppliers. Reliance on outside vendors generally, and a sole or a limited group of suppliers in particular, involves several risks, including:

- the inability to obtain an adequate supply of required components due to manufacturing capacity constraints, a discontinuance of a product by a third-party manufacturer or other supply constraints;
- reduced control over quality and pricing of components;
- delays and long lead times in receiving materials from vendors; and
- the cost of supply.

The Company may not be successful in developing new products and services. For example, the Company's customers or strategic partners may choose to expend their resources on competing products to such a degree that it does not make economic sense for it to continue its research and development of certain products. If this happens, the Company may not be able to take advantage of opportunities identified in this Information Booklet.

Commercial, manufacturing and distribution capability

CBio's ultimate success is dependant upon its ability and/or that of its commercial partners to manufacture its products on a commercial scale, with continuity of supply and in accordance with current Good Manufacturing Practices, prescribed by regulatory authorities. In the event that the Company or any one or more of its commercial partners discontinue operations for any reason, this may result in substantial cost and delay.

Delays and difficulties in the manufacture of products could delay trials and subsequently market introduction and sales of CBio's products. More particularly, any contamination in the manufacture of the compounds that are supplied or subsequently manufactured could result in delay, increased costs, exposure to liability for breach of obligations as well as regulatory and statutory standards, loss of funding and/or regulatory approval.

The inability of CBio to scale up and maintain production within estimated timeframes may potentially result in an adverse financial impact for the Company both in the short and medium term. Any one of these potential risks could have a material adverse impact on CBio.

Increased or new competition

Competition may arise from a number of sources and may include companies with greater capital resources and expertise. While CBio's Directors believe that the Company's stage of development, intellectual property position, depth of services and industry knowledge effectively reduce the impact of future competition, no assurances can be given that such competition will not adversely affect the performance of the Company.

Dependence on key personnel

The success of the Company will depend on the continuing commitment of its key employees. The Company has in place employment contracts with key employees. The Company has an objective of providing equity incentives and attractive employment conditions to assist in retaining key employees.

Grant Funding

The Company has received, and may in the future possibly receive, government grants to fund some of its research activities. Typically payment of grant monies is contingent upon achievement of certain milestones. In some cases the Company may be required to repay grant money if it breaches the terms of the grant.

4.4. Risks related to operating in this industry

Markets

The Company competes with companies in the US and abroad that are engaged in the development and production of drug products and services including pharmaceutical companies, contract research companies and academic institutions. Many of the Company's competitors have access to greater financial, technical, research, marketing, sales, distribution, service and other resources than CBio. Academic institutions, governmental agencies and other research organisations also are conducting research in areas in which the Company propose to provide services, either on their own or through collaborative efforts.

Technology

The pharmaceutical and biotechnology industries are characterised by rapid and continuous technological innovation. The Company's technology, services and expertise may be rendered obsolete or uneconomical by technological advances or entirely different approaches developed by the Company or one or more of its competitors. The existing approaches of the Company's competitors or new approaches or technologies developed by its competitors may be more effective than those the Company develop. The Company may not be able to compete successfully with existing or potential competitors and competitive factors may prevent it from becoming successful.

Strategic partners

The Company's success will depend on its strategic development partners and the extent to which these partners are interested in pursuing development and marketing of products. The Company's revenues will be highly dependent on the research and development decisions of the current and potential strategic partners. Their expenditures are based on a wide variety of factors, including the resources available, the spending priorities among various types of research and policies regarding expenditures during recessionary periods. General economic downturns in our partners' industries or any decrease in research and development expenditures could materially and adversely affect the Company's operations.

Consolidation

The concentration of the pharmaceutical industry and the current trend towards increasing consolidation could adversely affect our business prospects. The number of the Company's potential strategic partners could be reduced if the current trend towards consolidation of the pharmaceutical industry continues. Accordingly, the Company expects that a relatively small number of partners will account for a substantial portion of its research, development and marketing activities with third parties.

Additional risks associated with such a highly concentrated industry include:

- larger companies may develop in-house technology and expertise rather than using or helping develop products; and
- larger customers may negotiate price discounts or other terms for the products that are unfavourable to CBio.

Intellectual property

The Company's ability to leverage its innovation and expertise depends upon its ability to protect its intellectual property and any improvements to it. Such intellectual property may not be capable of being legally protected, it may be the subject of unauthorised disclosure or unlawful infringement, or the Company may incur substantial costs in asserting or defending its intellectual property rights. The intellectual property rights on which the Company relies to protect the technology underlying the products and techniques may not be adequate, which could enable third parties to use the Company's technology or very similar technology and thereby reduce its ability to compete in the market. Competitors may develop products similar to ours, which are not covered by our patents. Further, examination of patent applications at any Patent and Trademark Office may take several years more than anticipated.

In addition to patent protection, the Company also relies on copyright protection, trade secrets, know-how, continuing technological innovation and licensing opportunities. In an effort to maintain the confidentiality and ownership of our trade secrets and proprietary information, the Company requires employees, consultants and advisors to execute confidentiality and proprietary information agreements. However, these agreements may not

provide adequate protection against improper use or disclosure of confidential information and there may not be adequate remedies in the event of unauthorised use or disclosure.

The Directors believe that whilst the Company's intellectual property position is robust, it is possible that various licensing deals may be required in respect of some products to have full freedom to operate in the market place.

In relation to ownership of the various intellectual property rights relating to the technology, while measures have been put in place to ensure that a chain of title exists from the investor to CBio, there is no guarantee that each of these measures are sufficient or that CBio's rights to the intellectual property are complete or cannot be challenged.

The recent Full Federal Court decision of *University of Western Australia v Gray* has created uncertainty in respect of the intellectual property rights created by the researchers of Australian universities. This decision may be relevant to the intellectual property of CBio's business as some of that intellectual property was developed by university researchers. CBio has used reasonable endeavours to secure deeds of assignment from relevant university researchers as well as its own employees however this does not guarantee that these measures are sufficient or that CBio's rights to the intellectual property are complete or cannot be challenged.

The Company may be involved in intellectual property lawsuits, which may be expensive. High technology companies have a history of patent litigation. It is possible that competitors may attempt to revoke already granted patents. In order to protect or enforce the Company's patent rights, the Company may have to initiate legal proceedings against third parties. In addition, others may sue the Company for infringing their intellectual property rights or the Company may find it necessary to initiate a lawsuit seeking a declaration from a court that the Company does not infringe the proprietary rights of others.

The Directors of the Company are not presently aware of any fact, matter or circumstance by which any party may claim or be entitled to object to or challenge any of the Company's patents, trade marks or intellectual property. These circumstances, however, do not reduce the importance of the foregoing considerations for investors.

Material contracts and Cpn10 intellectual property

In addition to the general intellectual property risks described above, the intellectual property rights of CBio's business is influenced by various contractual arrangements that affect how CBio can use those intellectual property rights. Some of those arrangements may mean that the way in which CBio is able to use those intellectual property rights is limited to use within a particular field of use. In some instances, if CBio breaches its contractual obligations, abandons exploitation of intellectual property in a particular territory or a contract to which it is a party is terminated, CBio may lose its right to deal with those intellectual property rights.

Liability regarding hazardous materials

Our research and development processes involve the controlled use of hazardous materials. CBio is subject to federal, state and local laws and regulations governing the use, manufacture, storage, handling and disposal of such materials and certain waste products. The risk of accidental contamination or injury from these materials cannot be completely eliminated. In the event of such an accident, the Company could be held liable for any damages that result, and any such liability could exceed its resources and disrupt the business. In addition, the Company may have to incur significant costs to comply with environmental laws and regulations related to the handling or disposal of such materials or waste products in the future.

5. ACTIONS REQUIRED

5.1. To take up your entitlement in full and/or Top Up in excess of your Entitlement

If you wish to take up all of your entitlement, please complete the Entitlement and Acceptance Form, which accompanies this Information Booklet, in accordance with the instructions set out on the Form.

If you have applied to take up your Entitlement in full, you may apply for Top Up Shares in excess of your entitlement by completing the relevant section on the Entitlement and Acceptance Form. CBio will refund any amount not used for the additional New Shares applied for. Subscriptions in excess of entitlements will only be made out of shortfall. The Directors reserve the right to accept, scale back or refuse any application for Top Up Shares in excess of a Shareholder's Entitlement.

Forward your completed Entitlement and Acceptance Form, together with your cheque or bank draft for the amount shown on your Form, in the reply paid envelope to reach the Company's share registry by 5.00pm on the Closing Date or such later date as the Directors notify. Alternatively, you can pay the application money using BPay in accordance with the instructions on the Entitlement and Acceptance Form accompanying this Information Booklet. If you do so, you do not need to complete and return the Entitlement and Acceptance Form.

You should check the processing cut-off time for BPay transactions with your bank, credit union or building society to ensure your payment will be received by the Registry in time.

5.2. To take up part of your Entitlement

If you wish to take up part only of your Entitlement, please complete the Entitlement and Acceptance Form, which accompanies this Information Booklet, by inserting the number of New Shares for which you wish to accept the Offer under this Offer (being less than your entitlement as specified on the Entitlement and Acceptance Form) and forward the completed Form together with your cheque or bank draft for the total amount payable to reach the Company's share registry by 5.00pm AEDST on the Closing Date or such later date as the Directors notify.

5.3. To decline the Offer

If you do not wish to take up any part of your Entitlement to new Shares, you are not required to take any action, in which case you will receive no new Shares and your rights will lapse. If you do not take up your Entitlement you will, as a result of this Offer, have your percentage shareholding in the Company diluted. If you have any queries concerning your entitlement, please contact Link Market Services on 1300 554 474 or +61 2 8280 7454 or contact your stockbroker or professional adviser.

5.4. Shortfall New Shares

The Company may seek to place Shortfall New Shares for any shares which are not applied for by Shareholders. The Directors reserve the right to issue the Shortfall New Shares at their discretion. The Shortfall New Shares must be applied for before the Shortfall Closing Date. The issue price for the Shortfall New Shares will be \$0.16. Shortfall New Shares shall be deemed to be issued pursuant to this Offer.

5.5. Payment

Payments will only be accepted in **Australian dollars** as follows:

- cheques drawn on and payable by any Australian bank; or
- electronic payment by BPay.

Other currency will not be accepted. Shareholders should not forward cash. Receipts for payments will not be issued. Entitlement and Acceptance Forms and accompanying cheques may be lodged at any time before the Closing Date. Applications received after the Closing Date will not be accepted. The Company will not be responsible for postal or delivery delays. **Cheques should be made payable to 'CBio Limited Share Offer' and crossed 'Not Negotiable'.**

5.6. Acceptance Form is binding

A completed and lodged Acceptance Form, or a payment made through BPay, constitutes a binding offer to acquire New Shares on the terms and conditions set out in this Information Booklet and, once lodged or paid, cannot be withdrawn. If the Acceptance Form is not completed correctly it may still be treated as a valid application for New Shares. The Directors' decision whether to treat an acceptance as valid and how to construe, amend or complete the Acceptance Form is final.

5.7. Taxation

You should be aware that there may be taxation implications associated with participating in the Issue and receiving New Shares and transferring or selling your Rights (whether in whole or in part). The Directors consider that it is not appropriate to give advice regarding the taxation consequences of subscribing for New Shares or dealing with Rights under this Information Booklet, or the subsequent disposal of any New Shares allotted and issued under this Information Booklet. The Company, its advisers and officers do not accept any responsibility or liability for any taxation consequences to potential Applicants. The Directors recommend that all Shareholders consult their own professional tax advisers in connection with transferring or selling their Rights or subscribing for, and subsequent disposal of, New Shares allotted and issued under this Information Booklet.

5.8. Privacy

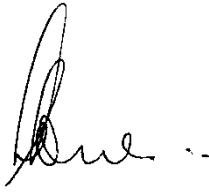
The Company collects information about each Applicant provided on an Acceptance Form for the purposes of processing the Application and, if the Application is successful, to administer the Applicant's Shareholding in the Company. By submitting an Acceptance Form, you will be providing personal information to the Company (directly or by the Share Registry). The Company holds and will use that information to assess your Application. The Company collects your personal information to process and administer your Shareholding in the Company and to provide related services to you. If you do not complete the Acceptance Form in full, the Company may reject your Application. The Company may disclose your personal information for purposes related to your Shareholding, including to the Share Registry, the Company's related bodies corporate, agents, contractors and third party service providers, including mailing houses and professional advisers, and to ASX and regulatory bodies. You can obtain access to personal information that the Company holds about you. To make a request for access to your personal information held by (or on behalf of) the Company, please contact the Company Secretary.

5.9. Enquiries

If you have any queries about your Rights please contact the Share Registry, the details for which are set out in the Corporate Directory at the back of this Information Booklet. Alternatively, contact your stockbroker, solicitor, accountant or other professional adviser.

5.10. Directors' Statement

This Information Booklet is signed in accordance with a resolution of the Directors.

A handwritten signature in black ink, appearing to read 'S. Jones', with a small flourish at the end.

Stephen Jones
Executive Chairman
27 September 2010

6. GLOSSARY

AEDST	Australian Eastern Daylight Saving Time as the context requires
Applicant	A person or entity who submits an Entitlement and Application Form
Application Money	The money received by the Company pursuant to the Offer, being the Issue Price multiplied by the number of New Shares applied for
ASX	Australian Securities Exchange
Board	The board of directors of the Company
Closing Date	The date on which the Offer closes, being 27 October 2010, or another date nominated by the Company
Company or CBio	CBio Limited ABN 094 730 417
Corporations Act	Corporations Act 2001 (Cth)
Cpn10	Chaperonin 10, a product which the Company has patent protection around its family
Director Shareholders	The parties associated with each of the Directors
Directors	The directors of the Company
Eligible Shareholder	An eligible Shareholder at the Record Date with a registered address in Australia or New Zealand
Entitlement	The right to subscribe for New Shares at the Issue Price under the Offer
Entitlement and Acceptance Form	An application form attached to this Information Booklet
IP	Intellectual Property – including patents and trademarks
IPO Prospectus	The Company's prospectus dated 10 November 2009 and as the context requires any supplementary prospectus related to it
Issue Price	\$0.16 per New Share
New Shares	New ordinary shares in the Company issued under this Offer
Offer	The offer of New Shares under this Information Booklet
Information Booklet	This document, dated 27 September 2010
Option	An option to acquire a fully paid ordinary share in CBio Limited
Option Holder	The holder of an Option
Personnel	Employees and professional services contractors of CBio Limited
Phase I Clinical Trial	A drug dosing study in human subjects to establish that the drug is safe to be used in further clinical evaluations
Phase IIa Clinical Trial	Phase II clinical trials intended to demonstrate whether a new drug will provide any benefit ('efficacy'), and whether that benefit warrants further development
R&D	Research and Development
Shareholders	Holders of shares in CBio
Shares	Fully paid ordinary shares in CBio
Shortfall New Shares	Those New Shares not taken up by Eligible Shareholders under the Offer, which the Directors reserve the right to place within 3 months.
Subcutaneous	A method of drug delivery where an injection is made into the subcutaneous tissue just below the

	skin
Top Up Facility	The ability to apply for an allocation of Top Up Shares
Top Up Shares	Extra Shares an Eligible Shareholder may apply for in excess of their Entitlement
Toxicology Studies	Studies in animals for safety purposes
XToll®	XToll® is the registered trademark of the Cpn10 variant which CBio is in the process of developing for ultimate commercialisation
You	The investors under this Information Booklet

7. CORPORATE DIRECTORY

Company

CBio Limited
ABN 76 094 730 417

Registered Address

CBio Limited
85 Brandl Street
Eight Mile Plains
Brisbane Qld 4113
www.cbio.com.au

Directors

Mr Stephen Jones	Executive Chairman
Mr Jason Yeates	Managing Director and CEO
Dr Michael Monsour	Non-Executive Director
Dr Goran Ando	Non-Executive Director
Professor John Funder	Non-Executive Director
Dr Peter Corr	Non-Executive Director
Mr Stephen Streeter	Non-Executive Director
Dr Dennis Feeney	Executive Director & President Global Development & Licensing (Non-Executive Director from 1 October 2010)

Company Secretary

Mr Ben Graham

Share Registry

Link Market Services
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www.linkmarketservices.com.au
Tel 1300 554 474 or +61 2 8280 7454

Corporate Advisor

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