

NOTICE OF ANNUAL GENERAL MEETING

CBio Limited ACN 094 730 417

Notice is given that the annual general meeting of CBio Limited (Company) will be held on Friday 26 November 2010 at the East Auditorium, BTP Technology Conference Centre, 1 Clunies Ross Court, Eight Mile Plains, Queensland, commencing at 11:00am (Brisbane time)

ORDINARY BUSINESS

FINANCIAL STATEMENTS AND REPORTS

To receive and consider the Financial Statements and the reports of the Directors and Auditor for the year ended 30 June 2010.

1. REMUNERATION REPORT

To consider, and if thought fit, to pass the following in accordance with s250R(2) of the Corporations Act 2001:

'That the section of the report of the Directors in the 2010 Annual Report dealing with the remuneration of the Company's Directors and Executives ('Remuneration Report') be adopted.'

NOTE: This resolution shall be determined as if it were an ordinary (majority) resolution, but under s250R(3) of the Corporations Act, the vote does not bind the Directors of the Company.

2. ELECTION OF DR GÖRAN ANDO

To consider, and if thought fit, to pass the following ordinary resolution:

' That Dr Göran Ando, who in accordance with rule 16.2 of the Constitution of the Company, retires by rotation and, being eligible, offers himself for re-election, be re-elected as a Director of the Company'

3. ELECTION OF PROFESSOR JOHN FUNDER, AO

To consider, and if thought fit, to pass the following ordinary resolution:

' That Professor John Funder, AO, who in accordance with rule 16.2 of the Constitution of the Company, retires by rotation and, being eligible, offers himself for re-election, be re-elected as a Director of the Company'

4. ELECTION OF DR DENNIS FEENEY

To consider, and if thought fit, to pass the following ordinary resolution:

' That Dr Dennis Feeney, who in accordance with rule 16.2 of the Constitution of the Company, retires by rotation and, being eligible, offers himself for re-election, be re-elected as a Director of the Company'

5. RATIFICATION OF PREVIOUS ALLOTMENT AND ISSUE OF SECURITIES

To consider, and if thought fit, to pass the following ordinary resolution:

'That for the purposes of ASX Listing Rule 7.4 and for all other purposes, approval is given for the prior issue of 4,276,994 fully paid ordinary shares in the capital of the Company and 2,342,258 share options on the terms described in the Explanatory Memorandum accompanying this Notice'.

DATED 19 October 2010

By Order of the Board

A handwritten signature in black ink, appearing to read 'Ben Graham', written in a cursive style.

BEN GRAHAM

Company Secretary

NOTES

A member who is entitled to attend and cast a vote at the meeting is entitled to appoint a proxy.

The proxy need not be a member of the Company. A member who is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise.

If you wish to appoint a proxy and are entitled to do so, then complete and return the attached proxy form.

A corporation may elect to appoint a representative in accordance with the *Corporations Act 2001* (Cth) in which case the Company will require written proof of the representative's appointment which must be lodged with or presented to the Company before the meeting.

The Company has determined in accordance with regulation 7.11.37 of the Corporations Regulations that for the purpose of voting at the meeting or adjourned meeting, shares will be taken to be held by those persons recorded in the Company's register of members as at 7:00pm (AEDST) on 24 November 2010.

If you have any queries on how to cast your votes then call Company Secretary Ben Graham on +617 3841 4844 during business hours.

Shareholders with queries regarding their shareholding or voting entitlements should contact the Share Registry, Link Market Services Ltd, on 1300 554 474.

Voting Exclusion Statement

The Company will disregard any votes cast on Resolution 5 by SpringTree Special Opportunities Fund, LP, HSBC Custody Nominees (Australia) Limited, Australia Invest Pty Ltd and any of their associates.

However, the Company need not disregard a vote cast on Resolution 5 if it is cast by:

- (a) a person as a proxy for a person who is entitled to vote, if the vote is cast in accordance with the directions on the proxy form; or
- (b) the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction of the proxy form to vote as the proxy decides.

Important Dates

Date	Event
By Wednesday, 27 October 2010	Dispatch of Notice of Meeting, Proxy Form and Explanatory Memorandum to shareholders
11:00am (AEST) Wednesday, 24 November 2010	Latest time for receipt of proxies
7:00pm (AEDST) Wednesday, 24 November 2010	Closing date for determining eligibility to vote at the Annual General Meeting
11:00am (AEST) Friday, 26 November 2010	Annual General Meeting

Explanatory memorandum

CBio Limited ACN 094 730 417

This Explanatory Memorandum accompanies and forms part of the CBio Limited Notice of General Meeting to be held at the East Auditorium, BTP Technology Conference Centre, 1 Clunies Ross Court, Eight Mile Plains, QLD, 4113 on Friday, 26 November 2010 at 11:00am (AEST). The Notice of Annual General Meeting should be read together with this Explanatory Memorandum, together forming the Notice of Meeting.

Financial Statements and Reports

The Corporations Act requires that the report of the Directors, the report of the Auditor and the financial reports to be presented to the annual general meeting. In addition, the Company's constitution provides for such reports and statements to be received and considered at the meeting. There is no vote required on this resolution.

Following the presentation of the report of the Auditor and the financial reports to the meeting, the Chairman will give shareholders a reasonable opportunity to ask questions about or to make comments upon the reports.

Resolution 1- Directors' Remuneration Report

The Corporations Act required that the section of the report of the Directors dealing with the remuneration of the Directors and Executives (Remuneration Report) be put to shareholders for adoption by way of a non-binding vote.

The Remuneration Report may be found in the Annual Report.

Following consideration of the Remuneration Report, the Chairman will give shareholders a reasonable opportunity to ask questions about or to make comments upon the Remuneration Report.

Resolutions 2-4 - Election of Directors

Under Clause 16.1 of the constitution of the Company one third of the current Directors (excluding the Managing Director) or if their number is not a multiple of 3, the number nearest to but not less than one third, must retire by rotation at each annual general meeting.

In accordance with this rule, Dr Göran Ando, Professor John Funder, AO, and Dr Dennis Feeney retire at the end of the meeting. Dr Ando, Professor Funder and Dr Feeney being eligible, present themselves for re-election.

A summary of each candidates experience and qualifications appear in the Annual Report.

Resolution 5- Ratification of previous issue of securities

In May 2010, CBio entered into a Convertible Loan Agreement with the New York-based institutional investor SpringTree Special Opportunities Fund, LP (SpringTree). Under the Agreement, SpringTree will provide CBio with a funding facility of up to \$12.45 million over a three year period by way of a series of monthly convertible notes.

The Company has issued the following securities in connection with the SpringTree Agreement:

- a. 1,900,000 unlisted share options over fully paid ordinary shares with an exercise price of \$0.517 per option and an expiry date of 16 May 2015; and
- b. 2,065,707 fully paid ordinary shares, comprising:
 - a. 1,200,000 ordinary shares issued in lieu of a cash commitment fee of \$373,500;
 - b. 65,707 ordinary shares issued in lieu of the payment of \$17,500 in commission to an advisor on funds raised pursuant to the SpringTree Agreement; and

Explanatory memorandum

CBio Limited ACN 094 730 417

- c. 800,000 fully paid ordinary shares issued as security.
- c. A convertible note of \$200,000 issued on 17 May 2010 which matured on 14 June 2010 with the issue of 740,741 ordinary shares and 148,148 options;
- d. A convertible note of \$150,000 issued on 21 June 2010 which matured on 15 July 2010 with the issue of 637,213 ordinary shares and 127,443 options;
- e. A convertible note of \$150,000 issued on 19 July 2010 which matured on 15 August 2010 with the issue of 833,333 ordinary shares and 166,667 options;

Further terms of the Agreement are explained in sections (c) below.

ASX Listing Rule 7.4

ASX Listing Rule 7.4 provides that an issue of equity securities without approval of shareholders under Listing Rule 7.1 is treated as having been made with approval for the purposes of Listing Rule 7.1 if:

- a. The issue of securities did not breach Listing Rule 7.1; and
- b. Holders of ordinary securities subsequently approve the issue.

Broadly speaking, ASX Listing Rule 7.1 prevents a listed company from issuing securities in excess of 15% of its issued capital at any point in time unless shareholders approve.

The effect of Resolution 5 is that the Company will be able to refresh its 15% issuing capacity under ASX Listing Rule 7.1, in relation to the shares and options issued in connection with the SpringTree Agreement above, with effect from the date of the Annual General Meeting.

Technical information required by ASX Listing Rule 7.5

a) ASX Listing Rule 7.5.1: The number of securities issued

- 4,276,994 Ordinary shares
- 2,342,258 Share options

b) ASX Listing Rule 7.5.2: Issue price of securities

- 1,200,000 Ordinary shares- \$0.311 per share;
- 800,000 Ordinary shares- Nil per share
- 665,883 Ordinary shares- \$0.234 per share
- 777,778 Ordinary shares- \$0.27 per share
- 833,333 Ordinary shares- \$0.18 per share
- 2,342,258 Share options- Nil per option

c) ASX Listing Rule 7.5.3: Terms of securities

Shares rank equally with all other shares on issue in the Company.

Share options are unlisted and have the following exercise price and expiry dates:

Number	Exercise Price	Expiry Date
1,900,000	\$0.517	16 May 2015
148,148	\$0.351	15 June 2015
127,443	\$0.306	15 July 2015
166,667	\$0.234	16 August 2015

Explanatory memorandum

CBio Limited ACN 094 730 417

Shares issued upon the exercise of share options will rank equally with all other shares on issue in the Company.

d) ASX Listing Rule 7.5.4: Names of allottees

- 4,211,287 Ordinary shares- SpringTree Special Opportunities Fund, LP (4,211,287 of which were issued to HSBC Custody Nominees (Australia) Limited on behalf of SpringTree)
- 65,707 Ordinary shares- Australia Invest Pty Ltd
- 2,342,258 Share options- SpringTree Special Opportunities Fund, LP

e) ASX Listing Rule 7.5.5: Intended use of funds raised

The proceeds from the issue of convertible notes under the Agreement will be used to meet costs associated with CBio's 150-patient phase IIa clinical trial in Rheumatoid Arthritis and for working capital purposes.

f) ASX Listing Rule 7.5.6: Voting exclusion statement

A Voting exclusion statement is included in the Notice accompanying this Explanatory Memorandum



By mail:
CBio Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia



By fax: +61 2 9287 0309



All enquiries to: Telephone: 1300 554 474 Overseas: +61 2 8280 7454



X99999999999

SHAREHOLDER VOTING FORM

I/We being a member(s) of CBio Limited and entitled to attend and vote hereby appoint:

STEP 1

APPOINT A PROXY

the Chairman
of the Meeting
(mark box)

OR if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered shareholder) you are appointing as your proxy

or failing the person/body corporate named, or if no person/body corporate is named, the Chairman of the Meeting, as my/our proxy and to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at 11:00am (Brisbane Time) on Friday, 26 November 2010, at East Auditorium, BTP Technology Conference Centre, 1 Clunies Ross Court, Eight Mile Plains and at any adjournment or postponement of the meeting.

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the meeting. Please read the voting instructions overleaf before marking any boxes with an **X**

STEP 2

VOTING DIRECTIONS

Resolution 1
Remuneration Report

For	Against	Abstain*
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Resolution 4
Election of Dr Dennis Feeney

For	Against	Abstain*
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Resolution 2
Election of Dr Göran Ando

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
--------------------------	--------------------------	--------------------------

Resolution 5
Ratification of previous allotment and issue of securities

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
--------------------------	--------------------------	--------------------------

Resolution 3
Election of Professor John Funder, AO

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
--------------------------	--------------------------	--------------------------

i * If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

STEP 3

SIGNATURE OF SHAREHOLDERS - THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Sole Director and Sole Company Secretary

Joint Shareholder 2 (Individual)

Director/Company Secretary (Delete one)

Joint Shareholder 3 (Individual)

Director

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).

CBZ PRX001



HOW TO COMPLETE THIS PROXY FORM

Your Name and Address

This is your name and address as it appears on the company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

Appointment of a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If the person you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the name of that person in Step 1. If you leave this section blank, or your named proxy does not attend the meeting, the Chairman of the Meeting will be your proxy. A proxy need not be a shareholder of the company. A proxy may be an individual or a body corporate.

Votes on Items of Business - Proxy Appointment

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

Appointment of a Second Proxy

You are entitled to appoint up to two persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the company's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- (a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- (b) return both forms together.

Signing Instructions

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, either shareholder may sign.

Power of Attorney: to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

Corporate Representatives

If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the company's share registry.

Lodgement of a Proxy Form

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by 11:00am (Brisbane Time) on Wednesday, 24 November 2010, being not later than 48 hours before the commencement of the meeting. Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy Forms may be lodged using the reply paid envelope or:



ONLINE

www.linkmarketservices.com.au

Select the 'Proxy Voting' option on the top right of the home page. Choose the company you wish to lodge your vote for from the drop down menu, enter your holding details as shown on this form, and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the proxy form).



by mail:

CBio Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia



by fax:

+61 2 9287 0309



by hand:

delivering it to Link Market Services Limited, Level 12, 680 George Street, Sydney NSW 2000.

**If you would like to attend and vote at the Annual General Meeting, please bring this form with you.
This will assist in registering your attendance.**