

## CBio LIMITED ACN 094 730 417

### Supplementary Prospectus

This is a supplementary prospectus ('Supplementary Prospectus') dated 24 April 2007 intended to be read with the Prospectus dated 16 March 2007 relating to the offer of approximately 2,006,880 shares in CBIO Limited ACN 094 730 417 ('CBio').

This Supplementary Prospectus was lodged with ASIC on 24 April 2007. ASIC takes no responsibility for the contents of this Supplementary Prospectus. Terms used in this Supplementary Prospectus have the same meaning as those used in the Prospectus. The information below is to supplement and amend the information presently contained in the Prospectus namely:

### Trading History

Section 3.2 of the Prospectus states:

*'CBio raised \$5 million under a prospectus dated 29 June 2001 to complete Phase I clinical trials of its primary product, Cpn 10. The Company then raised a further \$3.9 million and \$2.2 million under a prospectus dated 26 November 2003 and 12 January 2005 respectively. CBio has also raised, by private placement, a further \$16.8 million.'*

Reflecting the progress of CBio in its commercialisation, the Company notes that shares were offered and subscribed for at the following amounts:

Capital Raising	Amount per CBio Share
Prospectus dated 29 June 2001	\$1.00
Prospectus dated 26 November 2003	\$2.00
Prospectus dated 12 January 2005	\$3.00
Private placements between July 2002 and August 2006	\$1.00 - \$6.00

CBio is a public but unlisted Company. It does not itself or on behalf of any third parties conduct a market in its Shares.

CBio's share registry, Link Market Services, maintains the Register of Members, which records, for both transferees and allottees, the current registered holders of its Shares and the numbers of Shares held. CBio does not, and is not obliged to record, the price paid for Shares acquired.

Section 6.6 of the Prospectus states:

#### **Non-liquid market**

*The Shares cannot be traded in a liquid market, and there are significant regulatory hurdles to overcome before such a market will exist. As a result, potential investors will have only a limited opportunity to sell their Shares and may therefore have to bear the economic risk of holding the present investment in the Shares for an indefinite period of time.*

*Merely because the Company is a public Company does not mean that there will be a free, or indeed any market for trading in such Shares. Generally speaking, Directors of a public Company have no discretion to refuse to register a transfer of Shares. That, however, is essentially a formality. The ability to sell (or buy) Shares in the Company, after the close of this Offer must be regarded as speculative at best. That ability will depend upon the Company's progress and financial performance, the number and spread of Shareholders, and the range of other factors associated with all of the risks highlighted in this prospectus. The Board urges investors to invest on the basis that in the short to medium term, investors will have practically no opportunity of selling (or buying) Shares in the Company.*

#### **Unauthorised market**

CBio has become aware of an entity which has claimed to "conduct a secondary market" in CBio shares.

The conduct of a secondary market in CBio's Shares must comply with the Australian Corporations Act 2001 (Cth) and the Australian Securities and Investments Commission Act 2001 (Cth). A secondary market involves the transfer of existing issued shares and not the issue of new shares under a prospectus. The lawful conduct of a secondary market would be subject to applicable market licence requirements (which are not normally granted to financial advisers who hold an Australian Financial Services Licence), market disclosure requirements and independence from the vendors to the transaction. The conduct of an unlicensed market involves unlawful activity, and gives rise to the risk of an uninformed market, a potential lack of market integrity, counter party risk in terms of completion and potential invalidity of transfers.

CBio does not make any offer by, authorise, endorse or encourage the conduct of any secondary market and has no arrangement or understanding with any such party. CBio is concerned that the operation of such a market must comply with the Australian Corporations Act 2001 (Cth) and the Australian Securities and Investments Commission Act 2001 (Cth) and there are considerable risks to investors if it does not.

**CBio has referred the conduct of this market and related matters to the Australian Securities & Investments Commission.**

**Shareholders are advised to observe the legal requirements of, and to take the benefit of the protection given by the Australian Corporations Act 2001 (Cth) and the Australian Securities and Investments Commission Act 2001 (Cth) and not to participate in any unlicensed market.**

The entity has further claimed in communications that a small parcel of 4,000 Shares has been sold recently at \$4.00 per Share in this market. CBio has not, since this claim was made, received any share transfer documentation which would verify this claim.

Irrespective of such claims, there are many reasons why a buyer or seller might agree a particular share price. In this instance, the entity purporting to conduct a market has a history of dispute with CBio and certain of its directors.

### **Commissions**

Section 7.7 of the Prospectus states:

*The Directors anticipate there will be commissions payable on any Shortfall New Shares that are placed, of up to approximately 3% of the amount of Shortfall New Shares placed by the Company.*

On 24 April 2007, CBio Limited executed an agreement with Retirewell, in relation to the placement of Shortfall New Shares. This concludes informal discussions with Retirewell some weeks ago. Under the agreement, Retirewell will receive a commission of 3.3% (GST inclusive) plus 5,000 options exercisable at \$8.00 per share, vesting immediately and exercisable over five years for every \$1 million dollars worth of Shortfall New Shares placed through Retirewell. The Directors of CBio are of the opinion the issue of such options is not material to the Offer or the future performance of CBio.

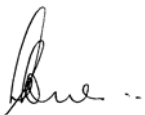
### **Applications**

The Prospectus timetable remains unaltered, however as a result of the issuance of this Supplementary Prospectus, under section 724 of the Australian Corporations Act 2001 (Cth), parties that have applied for New Shares as at the date of this Supplementary Prospectus will be issued New Shares as described in the Prospectus, but shall have one month to withdraw their application and be repaid.

Applicants for Shortfall New Shares will be given a copy of the Supplementary Prospectus and any application for Shortfall New Shares will, subject to any new matter arising under section 724, be deemed a valid application and no right of withdrawal will apply.

### **Consents**

Each of the Directors consents to the issue and lodgement of this Supplementary Prospectus. None of the Directors have withdrawn their respective consents before this Supplementary Prospectus was lodged with ASIC



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Mr Stephen Jones  
Executive Chairman

Dated 24 April 2007