

5 September 2011

Dear Convertible Note holder,

Non-renounceable Rights Issue- Convertible Note holder participation

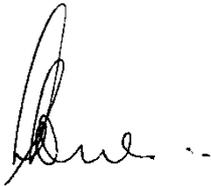
CBio Limited (ASX: **CBZ**) today lodged with the ASX a Prospectus for a non-renounceable rights issue to raise up to \$10.8 million.

Copies of the Prospectus are available on the ASX website (www.asx.com.au) as well as on the Company's website (www.cbio.com.au).

Investors who hold Convertible Notes in CBio but do not hold shares may only participate in the offer if some or all of their Convertible Notes are converted to equity prior to the Record Date, being 13 September 2011, and they are recorded on the share register as shareholders.

Should you wish to convert your Convertible Notes to equity please contact the Company Secretary on (07) 3841 4844.

Yours sincerely



STEPHEN JONES
Executive Chairman