

19 January 2012

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

Dear Sir,

REVISED SHARE TRADING POLICY

The Board of Directors of CBio Limited (ASX:CBZ) has reviewed the company's Trading Policy as lodged with ASX on 24 December 2010. In accordance with ASX Listing Rule 12.9, a copy of CBio's revised Securities Trading Policy which takes effect from 13 January 2012 is attached for the market's information.

For and on behalf of the Board of CBio Limited

ROSLYNN SHAND
Company Secretary

Enquiries

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CBIO LIMITED

('Company')

Securities Trading Policy

1 Introduction

1.1 Scope of this document

This document summarises the law relating to insider trading and sets out the Company's trading policy on buying and selling shares, options or derivatives ("**Securities**").

The Company's shares are listed on the Australian Securities Exchange, ASX Limited (ASX).

This policy outlines:

- (a) when directors, senior management, consultants and other employees may deal in Company Securities;
- (b) when directors, senior management and other employees may deal in listed Securities of another entity (because they may obtain inside information about another entity's Securities while performing their duties for the Company); and
- (c) procedures to reduce the risk of insider trading.

1.2 Who does the trading policy apply to?

The Company's Board of Directors has adopted this trading policy which applies to all directors, officers, senior management, consultants and other employees of the Company. It is important to remember that although this trading policy only applies to the persons specified above, the insider trading prohibitions set out in the Corporations Act 2001 (Cwlth) ("**Corporations Act**") and discussed in Part 2 below, apply to **all** persons (including members of your family).

1.3 Further advice

If you do not understand the summary of the law relating to insider trading set out below or this trading policy, or if you are confused as to whether the law applies to you, please contact the Company Secretary. You may wish to seek your own professional legal advice before dealing in the Company's Securities.

1.4 Defined terms

Company Securities includes shares in the Company, options over those shares and any other financial products of the Company whether traded on ASX or unlisted except for Excluded Trading.

Closed Period means the period between:

- (a) 1 January and the time of release of the Half Year Report to the ASX;
- (b) 1 July and the time of release of the Full Year Report to the ASX; or
- (c) Any other periods from time to time when the Company is considering matters which are subject to Listing Rule 3.1A as resolved by the Board of the Company.

Designated Officer means a director or person engaged in the management of the Company, whether as an employee or consultant.

Disclosure Officer means the Chairman, Company Secretary, Managing Director, Chief Executive Officer or such other person appointed to act as Disclosure Officer under the Company's Continuous Disclosure Policy.

Employee means any employee (whether part-time, casual, full time or otherwise) and any consultant of the Company or its subsidiaries, and may include a Designated Officer.

Excluded Trading means trading in the following circumstances which are considered excluded from the Share Trading Policy:

- (a) transfers of Company Securities already held into a superannuation fund or other saving scheme in which the Designated Officer or Employee is a beneficiary;
- (b) an investment in, or trading in units of, a fund or other scheme (other than a scheme only investing in the Company Securities) where the assets of the fund or other scheme are invested at the discretion of a third party;
- (c) where a Designated Officer or Employee is a trustee, trading in the Company Securities by that trust provided the Designated Officer or Employee is not a beneficiary of the trust and any decision to trade during a Closed Period is taken by the other trustees or by the investment managers independently of the Designated Officer or Employee;
- (d) undertakings to accept, or the acceptance of, a takeover offer;
- (e) trading under an offer or invitation made to all or most of the security holders, such as, a rights issue, a security purchase plan, a dividend or distribution reinvestment plan and an equal access buy-back, where the plan that determines the timing and structure of the offer has been approved by the Board. This includes decisions relating to whether or not to take up the entitlements and the sale of entitlements required to provide for the take up of the balance of entitlements under a renounceable pro rate issue;
- (f) a disposal of Company Securities that is the result of a secured lender exercising their rights, for example, under a margin lending arrangement. In this circumstance, the Designated Officer or Employee must have informed the Board of the Company prior to entering into such an arrangement over the Securities;
- (g) the exercise (but not the sale of Securities following exercise) of an option or a right under an employee incentive scheme, or the conversion of a convertible security, where the final date for the exercise of the option or right, or the conversion of the security, falls during a Closed Period or the Company has had a number of consecutive Closed Periods and the Designated Officer or Employee could not reasonably have been expected to exercise it at a time when free to do so; and
- (h) trading under a non-discretionary trading plan for which prior Written Clearance has been provided by the Board of the Company and where:
 - i. the Designated Officer or Employee did not enter into the plan or amend the plan during a Closed Period;
 - ii. the trading plan does not permit the Designated Officer or Employee to exercise any influence or discretion over how, when or whether to trade; and
 - iii. the Company's Share Trading Policy does not allow for cancellation or a trading plan during a Closed Period other than in exceptional circumstances.

Written Clearance means any form of writing, including any typed electronic form.

2 Insider trading

2.1 Corporations Act

If a person has information about Securities and the person knows, or ought reasonably to know, that the information is inside information, it is likely to be illegal for the person to:

- (a) give the information to another person who the person knows, or ought reasonably to know, is likely to:
 - (i) deal in Securities; or
 - (ii) procure someone else to deal in Securities. Insider trading is a criminal offence. It is punishable by substantial fines or imprisonment or both. A company may also be liable if an employee or director engages in insider trading.

Insider trading may also attract civil penalties. A court may impose substantial pecuniary penalties for insider trading and order payment of compensation to persons who suffer loss or damage because of insider trading.

2.2 What is inside information?

Inside information is information that:

- (a) is not generally available; and
- (b) if it were generally available, would, or would be likely to, influence persons who commonly invest in Securities in deciding whether to acquire or dispose of the relevant Securities.

Information is generally available if it:

- (a) is readily observable;
- (b) has been made known in a manner likely to bring it to the attention of persons who commonly invest in Securities of the relevant type and a reasonable period for that information to be disseminated has elapsed since it was made known; or
- (c) consists of deductions, conclusions or inferences made or drawn from information falling under paragraph 2.2.

2.3 What is dealing in Securities?

Dealing in Securities includes:

- (a) applying for, acquiring or disposing of, Securities;
- (b) entering into an agreement to apply for, acquire or dispose of, Securities; and
- (c) granting, accepting, acquiring, disposing, exercising or discharging an option or other right or obligation to acquire or dispose of Securities.

A decision to join, or subscribe for shares under, any dividend reinvestment plan is not dealing in Company Securities.

2.4 When employees may deal

An employee (who is not a Designated Officer) may deal in Company Securities or the listed Securities of another entity if he or she does not have information that he or she knows, or ought reasonably to know, is inside information in relation to Company Securities or those Securities of the other entity.

2.5 When employees may not deal

An employee (who is not a Designated Officer) may not deal or procure another person to deal in Company Securities or the listed Securities of another entity if he or she has information that he or she knows, or ought reasonably to know, is inside information in relation to Company Securities or those Securities of the other entity.

2.6 When a Designated Officer may deal

A Designated Officer may only deal in Company Securities outside of a Closed Period if he or she has complied with paragraph 2.8 and within a Closed Period if he or she has complied with paragraphs 2.8 and 2.9.

A Designated Officer may deal in the listed Securities of another entity if he or she does not have information that he or she knows, or ought reasonably to know, is inside information in relation to those Securities.

2.7 When a Designated Officer may not deal

A Designated Officer may not deal or procure another person to deal in Company Securities if:

- (a) he or she has information that he or she knows, or ought reasonably to know, is inside information in relation to Company Securities; or
- (b) he or she has not complied with paragraph 2.8.

2.8 Clearance from the Disclosure Officer

Before dealing in Company Securities within or outside of a Closed Period, a Designated Officer must first inform the Disclosure Officer and obtain Written Clearance.

The Disclosure Officer may only give clearance within or outside of a Closed Period if:

- (a) there is no matter about which there is inside information in relation to Company Securities (whether or not the Designated Officer knows about the matter) when the Designated Officer requests clearance or proposes to deal in Company Securities; and
- (b) the Disclosure Officer has no other reason to believe that the proposed dealing breaches this policy.

The Disclosure Officer must keep a written record of:

- (a) any information received from a Designated Officer in connection with this policy; and
- (b) any Written Clearance given under this policy.

2.9 Exceptional circumstances

The Disclosure Officer may give clearance for a Designated Officer to buy or sell Company Securities in exceptional circumstances where the Designated Officer would otherwise not be able to do so under this policy.

The Disclosure Officer may not give clearance under the exception in paragraph 2.9 if there is a matter about which there is inside information in relation to Company Securities (whether or not the Designated Officer knows about the matter) when the Designated Officer requests clearance or proposes to deal in Company Securities.

The Disclosure Officer will decide if circumstances are exceptional in its sole discretion.

Exceptional circumstances include:

- (a) financial hardship;
- (b) requirements under a court order or court enforceable undertakings; or
- (c) other exceptional circumstances as determined by the Chairman, Managing Director or Chief Executive Officer (if Chairman is involved).

If the Disclosure Officer has any doubt in making a determination under this clause such discretion should be exercised with caution.

2.10 Dealings by associated persons and investment managers

If a Designated Officer may not deal in the Company Securities, he or she must prohibit any dealing in the Company Securities by:

- (a) any associated person (including family or nominee companies and family trusts); or
- (b) any investment manager on their behalf or on behalf of any associated person.

unless such dealing is Excluded Trading.

For the purposes of paragraph 2.10, a Designated Officer must:

- (a) inform any investment manager or associated person of the periods during which the Designated Officer may and may not deal in Company Securities; and
- (b) request any investment manager or associated person to inform the Designated Officer immediately after they have dealt in Company Securities.

A Designated Officer does not have to comply with paragraph 2.10 to the extent that to do so would breach their obligations of confidence to the Company.

2.11 ASX notification by Directors

- (a) Directors should note that the Corporations Act 2001 (Cth) (**Corporations Act**) obliges a Director to notify the ASX within 14 days after any dealing in the Company's Securities (either personally or through a third party) which results in a change in the relevant interests of the Director in the Company's Securities.
- (b) In addition, under the ASX Listing Rules, the Company is required to notify the ASX of such dealings within 5 business days of such dealings taking place. Directors have agreed with the Company to provide notice of such dealings to the Company as soon as possible after such dealing to enable the Company to comply with its obligations under the Listing Rules. A notice given by the Company to the ASX under the ASX Listing Rules satisfies a Director's obligation to notify the ASX under the Corporations Act.
- (c) Any Director requiring assistance in this regard should contact the Company Secretary.

2.12 Communicating inside information

If an employee (including a Designated Officer) has information that he or knows, or ought reasonably to know, is inside information in relation to Company Securities, the employee must not directly or indirectly communicate that information to another person if he or she knows, or ought reasonably to know, that the other person would or would be likely to:

- (a) deal in Company Securities or those Securities of the other entity; or
- (b) procure another person to deal in Company Securities or the Securities of the other entity.

An employee must not inform colleagues (except the Disclosure Officer) about inside information or its details.

2.13 Breach of policy

A breach of this policy by an employee is serious and may lead to disciplinary action, including dismissal in serious cases. It may also be a breach of the law.

2.14 Distribution of policy

This policy must be distributed to all Designated Officers.

2.15 Assistance and additional information

Employees who are unsure about any information they may have in their possession and whether they can use that information for dealing in Securities, should contact the Disclosure Officer.