



## **NEWSLETTER TO SHAREHOLDERS**

**October 2004**

**Dear Shareholder,**

Welcome to the latest CBio update for shareholders. The focus of the business has intensified with the completion of the first Phase I clinical trials, approval to proceed to early Phase II trials (Phase IIa) in Adelaide and approval for a Phase IIa trials in Ulcerative Colitis at the Mater Hospital in Brisbane. The current fund raising at \$3.00 per share is proving successful and proceeding as expected. On 11 October, BresaGen shareholders approved the acquisition of 51% of BresaGen Limited and the re-listing of BresaGen Ltd is now imminent.

### **Clinical Trials**

Building on the successful completion of our first Phase I clinical trials, we are pleased to advise that preparations for the Phase IIa programme are well underway.

Our first Phase IIa study has been approved to commence at the Royal Adelaide Hospital. This study is titled "A Multicentre, Phase IIa Clinical Trial to Assess the Safety, Tolerability and Pharmacodynamics of Cpn10 Administered as Multiple Intravenous Injections in Volunteers With Multiple Sclerosis". As the title indicates, it is anticipated that this will be a multicentre study and the protocol is currently under review at Griffith University (Gold Coast, QLD).

Our second Phase IIa study is in Ulcerative Colitis and a protocol for this indication, after undergoing scientific and ethical review, has now been approved to commence at the Mater Hospital Brisbane.

We are also turning our attention to additional inflammatory diseases and look forward to advising you of these plans in the near future.

In addition, the company is strengthening its in-house capabilities relating to management of the clinical trial processes and is building partnerships with external organisations competent to assist us with our programme.

### **Capital Raising**

CBio has passed the \$4 million mark in its current fundraising for \$7.5 million mentioned in the last newsletter. This raising is to sophisticated investors and institutions at \$3 per share. We envisage closing this raising in the near future.

### **BresaGen Limited**

The acquisition by CBio of a 51% stake in BresaGen Ltd as envisaged in the Deed of Company Arrangement was approved by BresaGen Shareholders on October 11 2004. CBio

now has control over its own destiny in manufacturing and product development making it a fully integrated Biotech company, although BresaGen will operate as an independent company under the direction of a Board appointed by CBio. BresaGen has over 30 employees and is now doing work for CBio as well as a number of other Australian and overseas companies.

We intend to re-list BresaGen at the earliest possible time which will give liquidity to CBio's holding. This acquisition, though motivated by a need to ensure supply of clinical trial drug, has the consequence that the CBio balance sheet is significantly strengthened.

## **People**

The increase in clinical trial activity and mechanism of action (MoA) experimentation has dictated a significant increase in scientific staff. Drs Gerrard Vassiliou and Daina Vanags have added significant depth to our scientific team.

We welcome the appointment of a Chief Financial Officer, Jason Yeates who comes to us with significant international experience in Europe and Hong Kong. Jason has also assumed the CFO role in BresaGen to assist the restructure of that company.

Similarly Carol Owen has taken on the task of Administration Manager. Carol has a long history in management in various sized companies as well as in the University sector.

We are severely overcrowded in our current facility hence plan to lease new premises in a facility under construction at Eight Mile Plains. We plan moving to this new building in early January 2005.

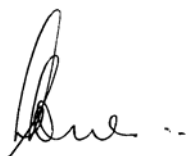
## **Research**

The quality of the research has stirred significant interest among both pharmaceutical and biotech companies worldwide. Dr Barbara Johnson's presentation at the 12<sup>th</sup> International Congress of Immunology in Montreal was extremely well received. The consequence of which is an increase in enquiries from the drug companies. We are in confidential discussions with a number of these.

We are also closer to understanding the mode of action at the cell and molecular level which will strengthen our patent position. Similarly Richard Willis, our representative in the USA had an extremely positive response from his presentation of our research to the Emerging Investors Forum in San Francisco earlier this month. We are now proceeding to enter into further dialogue with a number of companies who made approaches seeking further information.

CBio is making exciting and significant progress and we look forward to our next opportunity to update you on our advances.

Yours faithfully,



Stephen Jones  
Chairman