

- **CBIO ANNOUNCES MILESTONE ACHIEVEMENT IN CLINICAL TRIAL PROGRAM**
- **PRINCIPAL INVESTIGATOR SAYS VERY POSITIVE RESPONSE TO SCIENCE BEHIND XTOLL FROM OVERSEAS CLINICAL INVESTIGATORS**

BRISBANE, 1 March 2010: Australian-based drug development company CBio Limited (ASX: CBZ) today announced a milestone achievement amid increasing interest shown by global pharma companies toward smaller firms carrying out breakthrough research in the treatment of rheumatoid arthritis.

CBio Managing Director Jason Yeates said human research ethics committee approvals have been received for all Central and Eastern European clinical trial sites of XToll, the Company's potential new-generation drug therapy which could provide safer and more effective global treatment of autoimmune diseases such as rheumatoid arthritis (RA).

"These approvals are the first significant operational milestones which CBio plans to achieve over the next 12 months as we move towards completion of our 150 patient phase II clinical trial in rheumatoid arthritis," said Mr Yeates.

"CBio's strategy is to complete the development projects that will add the greatest value to XToll," he said.

Regulatory approvals have also been received for sites in Bosnia and Georgia. Preparations for the commencement of recruitment in these countries are now concluding and a meeting of clinical investigators was held in Serbia in February.

Rheumatologist and Associate Professor Peter Nash from the University of Queensland is the Principal Investigator in CBio's rheumatoid arthritis clinical trial and led the meeting with the overseas sites.

"Clinical trial investigators met in Belgrade to discuss the trial and learn more about the science behind XToll. The response was extremely positive and we anticipate good commitment from these overseas sites in terms of recruitment and participation in the trial," Dr Nash said.

"The data we have to date is blinded, but it does suggest that XToll appears to be affecting at least three of the most targeted inflammatory pathways associated with rheumatoid arthritis," he said.

“Current leading drugs work by blocking a single inflammatory pathway. This blocking action is thought to have a knock-on effect to the healthy functioning of the immune system,” he said.

“XToll appears to work differently. There is potential here that XToll could effectively treat rheumatoid arthritis and leave the immune system functioning effectively,” he said.

Mr Yeates said that successful results from the trial will place CBio in a strong position to conclude a commercial transaction with a major pharmaceutical company.

“The successful conclusion of a commercial agreement with a major pharmaceutical company is the inflection point where significant shareholder value will be realised,” he said.

“In recent months we have seen major deals done by international pharma in the field of RA. AstraZeneca, Eli Lilly and Bristol Myers Squibb have all concluded RA deals with upfront payments starting at US\$85 million plus hundred of millions in development milestones, sales milestones and royalties,” Mr Yeates noted.

“Last year existing RA therapies generated sales topping US\$17 billion, yet drug companies are still seeking new, safer and more effective treatments for RA,” he added.

“The market is searching for new RA therapies that prove to be safer, more effective, and that work differently to anything else currently available. We believe XToll has the potential to change the lives of RA sufferers around the world”, Mr Yeates said.

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About CBio:

CBio is an Australian ASX listed company established in 2000. CBio’s lead product XToll is a potential new-generation drug therapy which could provide safer and more effective treatment of autoimmune diseases such as rheumatoid arthritis. It is

currently being trialled in phase II clinical trials in patients with rheumatoid arthritis (RA). Global sales of RA therapies exceeded US\$17 billion in 2008.

Novo Nordisk A/S, a top 20 global pharmaceutical company and world-leader in diabetes care, has an exclusive option to enter into a licence agreement for the intellectual property rights relating to XToll.

CBio's Board includes internationally experienced drug developers including Dr Goran Ando, Vice-Chairman Novo Nordisk A/S (formerly president of R&D at Pharmacia/Pfizer and R&D director of Glaxo Group, UK); Dr Peter Corr, Founder and co-General Partner of Celtic Therapeutics (formerly Senior Vice-President for Science and Technology at Pfizer and Chairman of the Board of Governors, New York Academy of Sciences); and Professor John Funder, AO, Professor of Medicine at Monash University, Senior Fellow at Prince Henry's Institute of Medical Research (formerly Director of the Baker Institute, 1990-2001).

About Rheumatoid Arthritis

Rheumatoid Arthritis is a chronic autoimmune disease, mainly characterised by inflammation of the lining of the joints. It can lead to long-term joint damage, resulting in chronic pain, loss of function and disability. The effects of RA are systemic, which means it can affect other organs in the body, and cardiovascular dysfunction in addition to RA is common. RA symptoms can make even the simplest activities – such as opening a jar or taking a walk – difficult to manage. RA has a worldwide distribution with a prevalence of 1 to 2% – which currently equates to approximately 100 million people. Prevalence increases with age, approaching 5% in women over age 55. RA is two to three times more common in women than in men and generally occurs between the ages of 40 and 60, but it can also affect young children and older adults. Currently, there is no cure.