

17 May 2010

Dear Shareholder,

**Share Purchase Plan- ineligible shareholders**

CBio Limited (ASX:**CBZ**) today announced its Share Purchase Plan (SPP), which will provide the opportunity for eligible shareholders to purchase up to \$15,000 of CBio ordinary shares at \$0.35 per share, without incurring brokerage or transaction costs.

Please find enclosed documents relating to the CBio SPP for your information only.

Only eligible shareholders registered as holders of ordinary shares at the record date of 21 May 2010 with a registered address in Australia or New Zealand may participate in the SPP.

The Company considers it unreasonable on this occasion to extend the SPP to shareholders with a registered address outside of Australia having regard to the small number of such shareholders and the costs of complying with legal and regulatory requirements in each of those jurisdictions.

Thank you for your continued support of CBio and I trust you understand the Company's position in this matter.

Yours sincerely

**BEN GRAHAM**  
Company Secretary  
CBio Limited

**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).