

29 July 2010

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

Dear Sir,

**APPENDIX 4C**

CBio Limited is pleased to lodge its Appendix 4C for the quarter ending 30 June 2010.

The Company has ended the quarter with cash reserves of \$3.4million, a net decrease during the quarter of \$746k.

The June quarter has seen CBio significantly increase recruitment into its Phase IIa clinical trial in Rheumatoid Arthritis (RA), with 54 patients being recruited during the quarter. As at 30 June 130 of the required 150 patients have now been recruited into the study. CBio has recruited patients from throughout Australia, New Zealand and Eastern Europe into the trial, with all patients expected to be recruited prior to the end of the year. The Company is expecting to receive final study reports by mid 2011. The increase in clinical trial activity has seen a corresponding increase in research & development expenditure, with \$8.6 million invested during the year on clinical development and other research costs.

The recruitment of the 75<sup>th</sup> patient into the RA clinical trial in the March quarter triggered a US\$1 million milestone payment under the agreement with the European pharmaceutical company Novo Nordisk A/S. The payment from Novo Nordisk was received by CBio in April.

The Company has continued to raise new capital throughout the year in order to secure sufficient funding to complete both its current clinical program and to provision for ongoing drug development activities into 2011. These capital raising activities are ongoing, with a number of funding opportunities currently being pursued.

In addition and during the quarter CBio announced that it had entered into an agreement with the New York-based institutional investor SpringTree Special Opportunities Fund L.P. ("SpringTree") for the provision of up to \$12.45 million in funding over a three year period..

CBio completed a Share Purchase Plan during the quarter, which raised a further \$402k before costs of the offer. In the year ending 30 June, CBio raised a total of \$20.9 million from all sources, including \$7.1 million in the IPO completed in February 2010.

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The Company has also made minor changes to the classification of some items contained in the attached Appendix 4C in order to better describe the nature of payments made, and to therefore provide a more meaningful report for shareholders and the market generally. Specifically, the effected categories include staff costs, other working capital and costs of fund raising, and relate to payments to parties external to the Company, mostly involved in the provision of advisory services relating to the \$20.9 million in capital raised by the Company during the year.

For and on behalf of the Board

**BEN GRAHAM**  
Company Secretary

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## Appendix 4C

### Quarterly report for entities admitted on the basis of commitments

Introduced 31/3/2000. Amended 30/9/2001

Name of entity

CBio Limited

ABN

76 094 730 417

Quarter ended ("current quarter")

30 June 2010

#### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (12 months) \$A'000
1.1 Receipts from customers	1,099	1,121
1.2 Payments for		
(a) staff costs	(508)	(3,709)
(b) patent costs	(90)	(754)
(c) research and development	(1,286)	(8,631)
(d) leased assets	(4)	(19)
(e) other working capital	(491)	(2,834)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	40	85
1.5 Interest and other costs of finance paid	(159)	(461)
1.6 Income taxes paid	-	-
1.7 Other-	-	-
<b>Net operating cash flows</b>	<b>(1,399)</b>	<b>(15,202)</b>

+ See chapter 19 for defined terms.

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**Appendix 4C**  
**Quarterly report for entities**  
**admitted on the basis of commitments**

		Current quarter \$A'000	Year to date (12 months) \$A'000
1.8	Net operating cash flows (carried forward)	(1,399)	(15,202)
<b>Cash flows related to investing activities</b>			
1.9	Payment for acquisition of:		
	(a) businesses	-	-
	(b) equity investments	-	-
	(c) intellectual property	-	-
	(d) physical non-current assets	(2)	(11)
	(e) other non-current assets	-	-
1.10	Proceeds from disposal of:		
	(a) businesses	-	-
	(b) equity investments	-	-
	(c) intellectual property	-	-
	(d) physical non-current assets	-	-
	(e) other non-current assets	-	-
1.11	Loans to other entities	-	-
1.12	Loans repaid by other entities	-	-
1.13	Other	-	-
	<b>Net investing cash flows</b>	<b>(2)</b>	<b>(11)</b>
<b>1.14</b>	<b>Total operating and investing cash flows</b>	<b>(1,401)</b>	<b>(15,213)</b>
<b>Cash flows related to financing activities</b>			
1.15	Proceeds from issues of shares	402	15,067
1.16	Proceeds from issue of convertible notes	350	5,550
1.17	Proceeds from borrowings	-	376
1.18	Repayment of borrowings:	(20)	(146)
1.19	Dividends paid	-	-
1.20	Other Creditors (costs of fund raising)	(77)	(2,241)
	<b>Net financing cash flows</b>	<b>655</b>	<b>18,606</b>
	<b>Net increase (decrease) in cash held</b>	<b>(746)</b>	<b>3,393</b>
1.21	Cash at beginning of quarter/year to date	4,179	40
1.22	Exchange rate adjustments to item 1.20	-	
1.23	<b>Cash at end of quarter</b>	<b>3,433</b>	<b>3,433</b>

+ See chapter 19 for defined terms.

**Payments to directors of the entity and associates of the directors**

**Payments to related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.24	Aggregate amount of payments to the parties included in item 1.2	354
1.25	Aggregate amount of loans to the parties included in item 1.11	-

1.26 Explanation necessary for an understanding of the transactions

Payment of director's fees, compulsory superannuation and consulting fees.

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

N/A

2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

N/A

**Financing facilities available**

*Add notes as necessary for an understanding of the position. (See AASB 1026 paragraph 12.2).*

		Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities	-	-
3.2	Credit standby arrangements	-	-

+ See chapter 19 for defined terms.

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