

29 October 2010

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

Dear Sir,

APPENDIX 4C

CBio Limited (ASX: CBZ) is pleased to lodge its Appendix 4C for the quarter ending 30 September 2010.

The September quarter saw the Company achieve full recruitment into its 150-patient phase II clinical trial in Rheumatoid Arthritis four weeks ahead of schedule. The trial is being conducted at sites throughout Australia, New Zealand and Europe. Dosing of the remaining patients in the trial is expected to be complete during Q1 2011, with final study reports due in Q2.

The Company is expecting to enter into commercial discussions with interested pharmaceutical companies upon completion of the phase II clinical trial with a view to securing a licensing transaction for the future development and commercialisation of XToll®.

The Company currently has an Option Agreement with the Danish pharmaceutical company Novo Nordisk A/S (Copenhagen: NOVO-B.CO; NYSE: NVO), which includes pre-agreed licensing terms. In addition, CBio has signed non-disclosure agreements with a number of other pharmaceutical companies who have expressed interest in CBio's technology and its commercialisation.

The Company is progressing with a number of activities aimed at reducing the remaining development time for XTol®, including local scale-up of the drug manufacturing process, the design of larger phase IIb/phase III studies as well as pre-IND discussions with the US Food & Drug Administration (FDA). It is critical that these activities continue uninterrupted in order to realise the full commercial potential of XToll® in the market.

The Company has continued to raise the necessary capital required to complete the current clinical trial, and in late September issued a Rights Issue ("Offer") seeking to raise \$9.3 million. The Offer opened subsequent to the end of the September quarter and closed on 27 October. The Company received firm commitments for Shortfall arising from the Rights Issue from new and existing shareholders totalling \$9.3 million and engaged Adelaide broking firm Baker Young Stockbrokers as corporate advisors to the Offer.

The Company is currently finalising details of applications received under the Offer and will advise the market of the expected shortfall in accordance with ASX requirements. In light of the firm commitments received for \$9.3 million and an expected take-up from existing shareholders, the Company is confident of raising the full \$9.3 million sought under the Offer.

The Company continued to raise funds during the quarter under its Convertible Loan facility with SpringTree Special Opportunities Fund. The company issued three convertible notes to SpringTree during the quarter, raising \$450,000. Two Notes were repaid through the issue of 1,470,546 shares and 294,110 share options, while the remaining Note was repaid in cash. As at the end of the September quarter, a further \$10.85 million is available to the Company under the SpringTree Convertible Loan facility.

An Appendix 4C accompanies this announcement.

For and on behalf of the Board of CBio Limited



BEN GRAHAM
Company Secretary

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 (Copenhagen: NOVO-B.CO; NYSE: NVO), 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).

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 September 2010

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (3 months) \$A'000
1.1 Receipts from customers	65	65
1.2 Payments for		
(a) staff costs	(883)	(883)
(b) patent costs	(68)	(68)
(c) research and development	(1,684)	(1,684)
(d) leased assets	(10)	(10)
(e) other working capital	(741)	(741)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	7	7
1.5 Interest and other costs of finance paid	(162)	(162)
1.6 Income taxes paid	-	-
1.7 Other-	-	-
Net operating cash flows	(3,476)	(3,476)

+ See chapter 19 for defined terms.

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

		Current quarter \$A'000	Year to date (3 months) \$A'000
1.8	Net operating cash flows (carried forward)	(3,476)	(3,476)
1.9	Cash flows related to investing activities		
	Payment for acquisition of:		
	(a) businesses	-	-
	(b) equity investments	-	-
	(c) intellectual property	-	-
	(d) physical non-current assets	-	-
	(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	-	-
	Net investing cash flows	-	-
1.14	Total operating and investing cash flows	(3,476)	(3,476)
	Cash flows related to financing activities		
1.15	Proceeds from issues of shares	-	-
1.16	Net proceeds from issue/repayment of convertible notes	300	300
1.17	Proceeds from borrowings	-	-
1.18	Repayment of borrowings:	-	-
1.19	Dividends paid	-	-
1.20	Other Creditors (costs of fund raising)	(58)	(58)
	Net financing cash flows	242	242
	Net increase (decrease) in cash held	(3,234)	(3,234)
1.21	Cash at beginning of quarter/year to date	3,433	3,433
1.22	Exchange rate adjustments to item 1.20	-	-
1.23	Cash at end of quarter	199	199

+ 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	305
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	300	-
3.2	Credit standby arrangements	-	-
3.3	Convertible loan facility	10,850 (i)	800

(i) The Company has entered into a Convertible Loan Facility for up to \$12.45 million over a three year period. The funds will be made available through a series of monthly Convertible Notes of between \$150,000 and \$350,000. Any funds not drawn each month (between the value of the Note issued and the maximum amount of \$350,000) are no longer available under the facility. The remaining amount available under the facility as at 30 September was \$10.85 million.

+ See chapter 19 for defined terms.

