

1 November 2010

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

Dear Sir,

SHORTFALL ANNOUNCEMENT

CBio Limited (ASX: CBZ) is pleased to advise that it has raised \$5.08 million from current shareholders under the Rights Issue ("Offer") which closed on 27 October. Under the Offer, eligible shareholders were entitled to purchase 5 new shares for every 7 shares held at \$0.16 per share to raise a maximum of \$9.3 million.

Current shareholders have taken up 54% of the Rights Issue from Entitlements and Company approved applications above their Entitlements. Shareholders who applied for shares in addition to their entitlement under the Offer will receive all shares applied for. 31,748,609 new shares will be issued to eligible shareholders on or before 4 November in accordance with the Offer timetable.

At the time the Offer was announced, the Company and its corporate advisers Baker Young Stockbrokers, had received firm commitments for \$8.4 million worth of shortfall shares in connection with the Rights Issue. Upon closure of the Offer, firm commitments for shortfall shares arising from the Rights Issue totalled \$9.3 million ensuring that the Company would raise the necessary funding needed to complete the current phase IIa trial.

Chairman, Stephen Jones said that CBio is delighted with the outcome of the Rights Issue and the strong support shown from existing and new institutional investors in the Company.

"The potential market value of XToll® has shone through the recent volatility in the market, and we thank existing shareholders for their strong support and welcome new shareholders to the Company."

The Company will now proceed and place the 26,540,049 shortfall shares, totalling \$4.25 million, in connection with the Offer and expects all remaining shortfall shares to be issued during November.

Upon placement of the remaining shortfall shares, the Company will have sufficient working capital to complete its 150-patient phase IIa clinical trial in Rheumatoid Arthritis. The Company recently announced it had completed recruitment of patients into the trial, with final study reports from the trial expected to be received in Q2 2011.

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).