

31 January 2011

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 31 December 2010.

The Company held cash reserves of \$4.493 million at the end of the quarter, an increase of \$4.294 million over the previous quarter. Cash outflows during the quarter in relation to operating activities (\$4.370 million) were higher than usual and largely reflect the substantial costs associated with the current clinical trial. The Company expects expenditure to now decrease to previous levels, with forecasts showing current cash reserves will fund operations through to mid 2011.

The December quarter was highlighted by the successful completion of a \$9.3 million Rights Issue. Funds raised under the Rights Issue will be primarily be applied to meeting costs associated with the completion of the current phase IIa clinical trial in Rheumatoid Arthritis (RA).

The Company advised in late September that it has completed recruitment of all patients into the RA trial, which is being conducted at sites throughout Australia, New Zealand and Europe. The final patient is expected to complete dosing in the trial in March, 2011, and the Company expects to receive data tables and listings from the trial by June 2011.

As previously advised to the market, the Company remains engaged with pharmaceutical companies who have expressed an interest in the XToll® opportunity and have requested the data from the phase IIa trial as soon as it becomes available.

The CBio Board has undergone a number of changes both in the December quarter and into 2011. The Company recently announced the appointment of Dr Terje Kalland and Dr Thomas Lönngren to the Board, both of whom bring considerable experience both in the international pharmaceutical industry, and in the case of Dr Lönngren, as the former Executive Director of the European Medicines Agency, the peak regulatory body in Europe. James Greig, CBio's Chief Financial Officer, has also been appointed to the Board, while Dr Dennis Feeny resigned as a Director in November 2010.

In addition to the funds raised under the Rights Issue, the Company still has access to funds under the convertible loan facility it has in place with the SpringTree Special Opportunity Fund LP. Under this fund, CBio can access up to \$12.45 million over a three year period until April 2013. As at 31 December, the Company can access up to \$9.8 million over the remaining life of the facility. The Company elected the repay in cash each of the three \$150,000 notes which matured during the December quarter.

The Company will provide a more comprehensive update on its activities during the September and December quarters in its Half-Yearly Financial Report, which will be released to the market by the end of February.

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 Thomas Lönngren (former Executive Director of the European Medicines Agency), Dr Terje Kalland (retired Vice President Biopharmaceuticals Research Unit- Novo Nordisk), 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")

31 December 2010

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (6 months) \$A'000
1.1 Receipts from customers	66	131
1.2 Payments for		
(a) staff costs	(947)	(1,824)
(b) patent costs	(233)	(301)
(c) research and development	(2,648)	(4,338)
(d) leased assets	(14)	(24)
(e) other working capital	(434)	(1,175)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	17	24
1.5 Interest and other costs of finance paid	(177)	(339)
1.6 Income taxes paid	-	-
1.7 Other-	-	-
Net operating cash flows	(4,370)	(7,846)

+ 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 (6 months) \$A'000
1.8	Net operating cash flows (carried forward)	(4,370)	(7,846)
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	(4,370)	(7,846)
	Cash flows related to financing activities		
1.15	Proceeds from issues of shares	9,326	9,326
1.16	Net proceeds from issue/repayment of convertible notes	-	300
1.17	Proceeds from borrowings	300	300
1.18	Repayment of borrowings:	(300)	(300)
1.19	Dividends paid	-	-
1.20	Other Creditors (costs of fund raising)	(662)	(720)
	Net financing cash flows	8,664	8,906
	Net increase (decrease) in cash held	4,294	1,060
1.21	Cash at beginning of quarter/year to date	199	3,433
1.22	Exchange rate adjustments to item 1.20	-	-
1.23	Cash at end of quarter	4,493	4,493

+ 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	295
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	-	-
3.3	Convertible loan facility	9,800 (i)	2,650

(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 31 December was \$9.8 million.

+ See chapter 19 for defined terms.

