

12 May 2011

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

Dear Sir,

### **CBIO LIMITED COMPLETES \$5.1 MILLION SHARE PLACEMENT**

CBio Limited (ASX:CBZ, "CBio" or "the Company") is pleased to announce it has successfully completed a placement to Professional and Sophisticated Investors ("Placement"). The Placement raised approximately \$5.1 million from the issue of 11.6 million new shares at \$0.44 per share.

Executive Chairman of CBio, Stephen Jones said:

"The placement was strongly supported by new and existing Professional and Sophisticated investors, and due to the strong demand final allocations were scaled back.

In most recent discussions with global pharmaceutical companies it was recommended that CBio commence drug manufacturing scale-up of XToll® for the purposes of preparing for the onward stages of clinical development including long-term toxicology studies and a dose optimisation Phase IIb clinical trial in humans, in the event a potential licensing or collaboration agreement is reached in the future. These funds position the company to commit to manufacturing scale-up.

The Company anticipates receiving the trial data tables at the end of June. From that point the Company will be analysing and reviewing the data internally prior to making an announcement regarding the results. The data will also be sent to the global pharmaceutical companies who have requested it with data presentations expected to follow thereafter."

Baker Young Stockbrokers Ltd acted as Lead Manager of the Placement

The funds raised from this placement are planned to be used:

- (a) to progress scale-up of the production process of XToll® to facilitate earliest commencement of both long term toxicology studies and a dose optimisation Phase IIb clinical trial in humans;
- (b) to engage in mechanism of action studies which may enable the discovery of a successor drug amongst the 48 variants of XToll® developed and owned by CBio;
- (c) regulatory filings;
- (d) to commence planning for a proof of principle clinical trial in another disease indication such as Lupus; and
- (e) for general working capital purposes.

For and on behalf of the Board of CBio Limited



**BEN GRAHAM**

Company Secretary

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**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 negotiations for a licence agreement for the intellectual property rights relating to XToll®.

CBio's Board includes internationally experienced drug developers including Dr Göran 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 Lönngrén (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).

**About Rheumatoid Arthritis**

Rheumatoid Arthritis is a chronic autoimmune disease, mainly characterised by inflammation of the lining of the joints. It can lead to long-term joint damage, resulting in chronic pain, loss of function and disability. The effects of RA are systemic, which means it can affect other organs in the body, and cardiovascular dysfunction in addition to RA is common. RA symptoms can make even the simplest activities – such as opening a jar or taking a walk – difficult to manage. RA has a worldwide distribution with a prevalence of 1 to 2% – which currently equates to approximately 100 million people. Prevalence increases with age, approaching 5% in women over age 55. RA is two to three times more common in women than in men and generally occurs between the ages of 40 and 60, but it can also affect young children and older adults. Currently, there is no cure.