

28 June 2011

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

Dear Sir,

LETTER TO SHAREHOLDERS

CBio Limited wishes to advise that it has today sent a letter to all shareholders, a copy of which is attached to this announcement.

For and on behalf of the Board of CBio Limited

BEN GRAHAM

Company Secretary

COMPANY & INVESTOR RELATIONS

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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.

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Dear Shareholder,

I am writing because CBio has recently received requests for full copies of its Register of Members from two CBio shareholders. The Register of Members includes names, addresses and other details of all shareholders. The requesting parties have advised the Company that their intentions are to write to shareholders concerning resolutions to be put to the upcoming General Meeting on 15 July 2011.

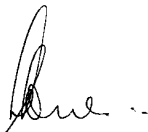
The Corporations Act allows the Company to refuse access to the Register of Members if it is being used for certain "prescribed purposes" however the stated purpose as communicated to the Company in this case does not qualify as a prescribed purpose. As a result, it appears that there is no legal avenue available to the Company to prevent these parties from obtaining a full copy of the Register of Members.

The company has sought drafts of the correspondence that the two parties involved intend to send to shareholders. These requests have been refused. The company has therefore been unable to determine what the contents are, whether all or only some members will be communicated with, the frequency of any communication, whether different shareholders receive the same message or not, whether any proposed correspondence contains factual errors, inaccuracies, confidential information, defamatory remarks or is unreasonable in length.

As a result, I apologise in advance for any inconvenience with respect to this matter including the imposition of correspondence should any be received by you from these parties. It is regrettable that the Corporations Act permits one or two shareholders to contact some or all shareholders with potentially unwelcome correspondence, containing personal views on matters relating to the Company.

The Company is well placed in its on-going development of XToll®, with results from the Phase IIa clinical trial anticipated imminently and I look forward to updating you in due course.

Yours faithfully,



STEPHEN JONES
Executive Chairman