

28 July 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 30 June 2011.

The Company held cash reserves of \$3.909 million at the end of the quarter, an increase of \$2.240 million over the previous quarter. Cash outflows during the quarter in relation to operating activities of \$2.541 million were lower than the March quarter (\$3.023 million), December quarter (\$4.370 million) and September (\$3.476 million) quarters and reflects the completion of the phase IIa clinical trial in rheumatoid arthritis. In the year to 30 June, expenditure on research & development (\$6.694 million) represented the main area of cash expenditure, with total cash outflows in relation to operating activities of \$13.285 million for the year.

During the June quarter, the Company completed a share placement, which raised a total of \$5.1 million through the issue of 11.6 million shares at \$0.44 per share. In addition to the share placement, a further \$0.1 million was raised through the exercise of share options during the quarter.

The Company has continued to raise capital during the year in order to have sufficient funding for its clinical program and to provide for other development and commercialisation activities. Appropriate funding will always be a focus for the company and our requirements and initiatives in this regards are always under review.

The Company has continued to access 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 30 June, the Company can access up to \$7.70 million over the remaining life of the facility. The Company is currently drawing \$150,000 per month from the facility, although this can be increased to a maximum of \$350,000 per month under the agreement with SpringTree. Should the maximum amount be drawn under the facility each month, \$4.2 million would be available to the Company over the coming year. During the June quarter, the Company accessed \$450,000 under the SpringTree facility via the issue of three convertible notes. The Company elected to repay each note in cash.

An Appendix 4C accompanies this announcement.

For and on behalf of the Board of CBio Limited



BEN GRAHAM
Company Secretary

About CBio Limited

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 (RA). Global sales of RA therapies exceeded US\$17 billion in 2008. Novo Nordisk A/S, 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®. XToll® has been trialled in over 330 patients with no pattern of treatment-emergent serious adverse effects. The company's largest clinical trial to date completed in Q2 2011. 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 Lönnngren (former Executive Director of the European Medicines Agency), Dr Terje Kalland, Chief Scientific Officer of Karolinska Development (formerly Senior-Vice President Biopharmaceuticals Research Unit- Novo Nordisk and Head of Oncology Research, Pharmacia); 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.

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 June 2011

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (12 months) \$A'000
1.1 Receipts from customers	168	341
1.2 Payments for		
(a) staff costs	(1,000)	(3,797)
(b) patent costs	(80)	(544)
(c) research and development	(1,124)	(6,694)
(d) leased assets	(12)	(51)
(e) other working capital	(355)	(1,947)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	22	66
1.5 Interest and other costs of finance paid	(160)	(659)
1.6 Income taxes paid	-	-
1.7 Other-	-	-
Net operating cash flows	(2,541)	(13,285)

+ 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 (12 months) \$A'000
1.8	Net operating cash flows (carried forward)	(2,541)	(13,285)
Cash flows related to investing activities			
1.9	Payment for acquisition of:		
	(a) businesses	-	-
	(b) equity investments	-	-
	(c) intellectual property	-	-
	(d) physical non-current assets	(5)	(44)
	(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	(5)	(44)
1.14	Total operating and investing cash flows	(2,546)	(13,329)
Cash flows related to financing activities			
1.15	Proceeds from issues of shares	5,207	14,611
1.16	Net proceeds from issue/repayment of convertible notes	-	325
1.17	Proceeds from borrowings	-	300
1.18	Repayment of borrowings:	-	(300)
1.19	Dividends paid	-	-
1.20	Other Creditors (costs of fund raising)	(421)	(1,131)
	Net financing cash flows	4,786	13,805
	Net increase (decrease) in cash held	2,240	476
1.21	Cash at beginning of quarter/year to date	1,669	3,433
1.22	Exchange rate adjustments to item 1.20	-	-
1.23	Cash at end of quarter	3,909	3,909

+ 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	375
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	7,770 (i)	4,750

(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 June was \$7.70 million.

+ See chapter 19 for defined terms.

