

- **CBIO LIMITED ANNOUNCES NOVO NORDISK DECLINES TO EXERCISE OPTION**
- **CBIO FREE TO NEGOTIATE LICENCE AND COMMERCIALISE XTOLL WITH OTHER PARTNERS**
- **XTOLL IS A POTENTIAL NEW DRUG THERAPY WITH A NOVEL MECHANISM OF ACTION**
- **CBIO COMMITTED TO FURTHER DEVELOPMENT OF XTOLL**

BRISBANE, 16 December 2011: Australian early-stage drug development company CBio Limited (ASX:CBZ) today announced that Novo Nordisk A/S declined to exercise its option to license XToll for further development and commercialisation.

As a result of Novo Nordisk's decision, CBio has the right to develop and commercialise XToll either independently or in collaboration with third parties.

XToll is CBio's potential new drug therapy with a novel mechanism of action which could provide safer and more effective treatment of autoimmune diseases such as rheumatoid arthritis (RA) and SLE (Lupus).

"XToll is thought to modulate the immune system and bring it back into balance. The Board believes that XToll could potentially become an important therapy for autoimmune and inflammatory diseases, and we continue to explore all opportunities for the commercialisation of this drug candidate," said CBio Chairman, Dr Ralph Craven.

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 and showed biological activity and signs of clinical effect in patients with moderate to severe RA. RA is a chronic, debilitating and progressive disease that leads to pain, suffering and disability. It affects up to 2% of the world's population. Global sales of RA therapies exceeded US\$17 billion in 2008.

In October, the company published research conducted in an animal model that indicated XToll could also have utility in the treatment of Systemic Lupus Erythematosus (SLE or Lupus). Lupus is a disease where the body's immune system attacks all organs, and may result in death. Approximately five million people worldwide suffer with lupus, and the global lupus market is expected to reach \$2.5 billion per annum by 2017.

CBio's core business strengths lie in the management of pre-clinical, phase I and phase II clinical trials, strong cell biology and immunology experience particularly in proteins, and a deep clinical and scientific understanding of rheumatoid arthritis, the current leading therapies in the space and their mechanisms of action.

For and on behalf of the Board.

ROSLYNN SHAND
Company Secretary

About CBio Limited

CBio Limited is an Australian public company with headquarters in Brisbane. CBio was established in 2000 to develop and commercialise treatments for autoimmune diseases. In 2001, extended preclinical studies at the University of Queensland concluded that a heat shock protein identified as chaperonin 10 played a key role in down-regulating the innate immune response in patients during pregnancy. Further research suggested that chaperonin 10 appeared to intercede at a very early stage of the inflammatory process to prevent the over-expression of pro-inflammatory cytokines. Based on this research, CBio acquired a worldwide exclusive licence for the chaperonin 10 intellectual property, and now has an extensive IP portfolio surrounding the technology. CBio's patented lead molecule is an altered form of the natural chaperonin 10. Its registered name is XToll.

About Cpn10 / XToll

Chaperonin 10 is a naturally occurring protein present in all cells that, in conjunction with chaperonin 60, performs the essential housekeeping role of protein folding, i.e. it helps proteins develop into exactly the right shape required for them to work effectively. CBio has demonstrated that recombinant chaperonin 10 (Cpn10, or XToll) has an immunomodulatory function in addition to this well-established protein folding activity. XToll is a variant of human chaperonin 10 that has been optimised for commercial development. XToll appears to work in a way which distinguishes it from current registered therapies for the treatment of RA. Chaperonin 10 is thought to function as a natural regulator of the innate immune system: it is released locally by activated or damaged cells in response to "danger" signals, and down-regulates inflammatory immune responses. In disease states, levels of chaperonin 10 may not be high enough to control inflammation; however, administration of pharmacological levels of chaperonin 10 (provided as XToll) may overcome ongoing inflammatory signals and result in therapeutic benefit.

Enquiries

Helen Cameron
Interim Managing Director
CBio Limited
T: +61 (0) 73841 4844
helen.cameron@cbio.com.au

Melanie Farris
Communications & Corporate Affairs Manager
CBio Limited
T: +61 (0) 73841 4844
M: +61 (0)449 148 448
melanie.farris@cbio.com.au