

12 July 2011

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

Dear Sir,

CLINICAL TRIAL UPDATE

CBio Limited (ASX: CBZ) wishes to advise that it has now received some preliminary data from the phase IIa clinical trial of its lead drug candidate XToll® in Rheumatoid Arthritis (RA). The Company expects to receive further data over the coming week. Once complete, the information will be reviewed and analysed by the Company before an appropriate announcement can be made to the market.

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 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.