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31 July 2011

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

Dear Sir,

CBIO ANNOUNCES HEADLINE RESULTS OF PHASE IIA RHEUMATOID ARTHRITIS CLINICAL TRIAL

BRISBANE, 31 July 2011: Australian-based drug development company CBio Limited (ASX: CBZ) is pleased to announce headline results from the company's clinical trial in rheumatoid arthritis patients of its lead drug candidate, XToll®.

The phase IIa study evaluated the efficacy and safety of XToll® in 155 patients with moderate to severe rheumatoid arthritis despite treatment with methotrexate (MTX). Efficacy was assessed by the American College of Rheumatology (ACR) standardised measure of improvement in rheumatoid arthritis signs and symptoms. The primary endpoint of the trial was measured by the percentage of patients achieving an ACR20 response at week 12. Secondary endpoints included ACR50, ACR70 and ACR-N responses, swollen joint count (SJC), tender joint count (TJC), disease activity score (DAS28), short form 36 (SF36) and health assessment questionnaire (HAQ) measures at a range of time points. The 24 week study was a proof-of-concept trial and not a dose-ranging trial to determine the optimum dosing regimen. A long-term follow-up extension trial was offered to some patients for the purposes of further monitoring the efficacy and safety of XToll®.

Results of the initial analysis of the data are as follows:

- In relation to the primary endpoint:
    - ACR20 mean values across the trial population were not statistically different between XToll® treated patient groups and placebo treated patient groups. The primary endpoint of the trial was therefore not met. Mean values for the ACR20 response at the end of week 12 were 42% in patients receiving 75mg, 35% in patients receiving 25mg, and 30% in those receiving placebo.
- This trial however, did show statistically significant or clinically meaningful improvement in a number of important measures (secondary endpoints) of improvement in rheumatoid arthritis signs and symptoms which are:

- The XToll® 75mg patient group showed statistically significant improvement in ACR-N scores at weeks 8, 10 and 12 compared to placebo. Both XToll® patient groups experienced a statistically significant decrease in swollen joint count at week 12 compared to the placebo group.

- Statistically significant and clinically meaningful improvement in disease activity as defined by ACR-N and SF36 measures (patients vitality and emotional well being) at week 12 in the 75mg patient group.

- Tender Joint Counts (TJC) and Swollen Joint Counts (SJC) were statistically significantly reduced at the week 12 primary endpoint.

- Analyses of a distinct subset of patients in the trial, being those with disease activity duration of ≥14 years, shows a statistically significant difference between 75mg XToll® patient group and placebo group in ACR20 values (the primary endpoint) at week 12.

Taken together, these findings indicate that XToll® delivered subcutaneously demonstrates signs of clinical effect in patients with rheumatoid arthritis.

- Other trends indicate:

  - Patients who continued to receive XToll® in the extension protocol continued to show signs of clinical response for up to 52 weeks.

  - Improved Health Assessment Questionnaire (HAQ) scores were recorded in patients treated with 75mg of XToll®.

- Preliminary analysis shows XToll® continues to demonstrate a strong safety profile:

  - Overall XToll® was safe and well-tolerated. Injection site reactions tended to be more common in the XToll® patient groups compared to placebo. The majority of injection site reactions were mild in intensity and did not require treatment.

  - No additional safety signals were detected in the 52-week extension trial.

- A review indicates that the highest dose, 75mg, used in this trial was a sub-optimal dose and not equivalent to that achieved in the earlier IV studies. This finding supports the need to use higher doses in a dose-ranging study in order to determine the optimal doses of drug.

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"I believe these results indicate that we are seeing a real clinical effect. The signals at this time continue to point to a good safety profile. It is the view of the Board these results warrant the continued investigation of XToll®" said Mr Stephen Jones, CBio Executive Chairman.

"Commercialisation discussions with global pharmaceutical companies continue. The next step is a clinical trial to determine the optimal dose of XToll® with subcutaneous administration," said CBio's Managing Director Mr Jason Yeates.

Complete results from the study will be available to the company when the final study report is completed in Q4 2011.

The company is in the process of identifying a transaction specific advisor for the purposes of assisting in any commercial negotiations as they may occur.

ENDS.

About the phase IIa rheumatoid arthritis clinical trial of XToll®

CBio's phase IIa study evaluated the efficacy and safety of XToll® in 155 patients with moderate to severe rheumatoid arthritis despite treatment with methotrexate (MTX). Patients on the trial were randomized to receive 75mg of XToll®, 25mg of XToll® or placebo via subcutaneous injection twice-weekly for 24 weeks. The 24 week study was a proof-of-concept trial and not a dose ranging trial to determine the optimum dosing regimen. All patients in this study continued on their maximum tolerated dose of MTX. Patients in Australia and New Zealand who completed the 24 week study were offered the opportunity to participate in a long-term follow-up extension trial for the purposes of further monitoring the efficacy and safety of XToll®.

The primary endpoint of the trial was measured by the percentage of patients achieving an ACR20 response at week 12. Secondary endpoints included ACR50, ACR70 and ACR-N responses, swollen joint count (SJC), tender joint count (TJC), disease activity score (DAS28) and health assessment questionnaire (HAQ) measures at a range of time points. The ACR criteria is the American College of Rheumatology (ACR) standardized measure of improvement in rheumatoid arthritis symptoms and is a composite measure that considers tender or swollen joint counts and improvement in three of the following five parameters: acute phase reactant such as sedimentation rate, patient assessment, physician assessment, pain scale and disability/functional questionnaire. ACR20 records the percentage of patients with at least a 20% improvement in signs and symptoms of rheumatoid arthritis.

Detailed information regarding the clinical trial can be found on the Australian and New Zealand Clinical Trial Register www.anzctr.org.au

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 Lönngren (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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