

12 October 2011

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

Dear Sir,

SHORTFALL ANNOUNCEMENT

CBio Limited (ASX: CBZ) is pleased to advise that it has raised \$7.26 million (subject to the final clearance of cheques) from current shareholders under the Rights Issue ("Offer") which closed on 7 October. Under the Offer, eligible shareholders were entitled to purchase 3 new shares for every 8 shares held at \$0.18 per share to raise a maximum of \$10.8 million. The Offer is underwritten by Zheng He Securities Pty Ltd.

Of the \$7.26 million raised, Entitlement applications totalled \$5.67 million, with \$1.59 million in Additional and Shortfall applications received. The company will allot all 31,527,419 Entitlement shares to eligible shareholders on or before 17 October in accordance with the Offer timetable. The issue of Additional and Shortfall shares in relation to Additional and Shortfall applications received to date will be determined by the Directors in consultation with the Underwriter, with any shares to be issued by 27 October 2011.

The Company will now proceed and place the 28,530,617 shortfall shares, totalling \$5.14 million, in connection with the Offer in accordance with the Underwriting Agreement and expects all remaining shortfall shares to be issued during October.

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 Lönngren (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.

COMPANY & INVESTOR RELATIONS

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MEDIA LIAISON

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