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CBio Announces Strengthening of Patent Position and update on Recruitment into Clinical Trial

- **European Patent authorities intend to grant core patent**
- **USA Patent authorities intend to extend patent life of core patent**
- **Accelerated recruitment into clinical trial sees 142 of targeted 150 patients now enrolled**

BRISBANE, 23 August 2010: Australian drug development company CBio Limited (ASX: CBZ) today announced confirmation from the Patent Examining Division of the European Patent Office that they intend to grant the “Chaperonin 10 Immunosuppression” patent - a core patent for the company which includes the “composition of matter” claim on the company’s lead product XToll.

The granting of this patent secures CBio exclusive rights in the use of XToll in Europe. The patent is already granted in the US, India, China, Australia, New Zealand and Singapore and is currently under examination in Canada, Japan and South Korea.

In addition, the United States Patent and Trademark Office has advised CBio of its intention to grant a term adjustment of 911 days to the company for this patent which will extend the patent life to May 2026.

CBio Managing Director Jason Yeates acknowledged these developments as positive for the company’s intellectual property portfolio.

“We have received confirmation from the European patent authorities of their intention to grant our cornerstone patent in the region and expect to receive formal notification soon. This European grant coupled with the extended patent life granted by patent authorities in the US places CBio in a very strong position,” Mr Yeates said.

“Given the global sales for rheumatoid arthritis therapies in 2008 were more than US$17B, this protection for CBio’s potential treatment for rheumatoid arthritis is extremely valuable to CBio and to the researchers and investors who have made its development possible,” he said.

"We have now recruited 142 of the targeted 150 patients into our pivotal clinical trial. We are on schedule to complete recruitment ahead of the planned timeframe as outlined in the IPO Prospectus," he said.

"We have also completed long term follow-up studies on 44 patients which will provide further data on the effectiveness and safety of XToll," he said.

The company is also in discussions with an Australian-based contract manufacturing organisation that has the capacity to supply product needs for future clinical trials.

CBio has continued to raise new capital to complete both the current clinical program and to provide for ongoing drug development activities into 2011. Capital raising activities are ongoing with a number of funding opportunities currently being pursued.

"We remain very focussed on activities that will allow us to complete our clinical trial by the end of Q1 2011 and enable receipt of the final clinical trial report by the end of Q2 next year." Mr Yeates said.

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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, 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.

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 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).

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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.