

ASX and Media release

6 October 2014

Circadian to Raise A\$17.4 Million

- **Transformational capital raising of A\$17.4m comprising a A\$14m placement and a 2 for 5 fully underwritten non-renounceable rights issue to raise A\$3.4m**
- **1 free attaching option for every 2 shares subscribed for under the Offer**
- **Expected to fund company through to Q4 2017**
- **Enables advancement of OPT-302 for wet AMD through Phase 1 and 2A clinical studies**
- **Strong support from US, European and Australian specialist healthcare institutional investors**
- **Provides validation of the Company's technology and strategy**

MELBOURNE, Australia – 6th October 2014: Australian biologics drug developer, Circadian Technologies Limited (ASX:CIR, OTCQX:CKDXY), is pleased to announce a capital raising of A\$17.4 million by way of a placement of A\$14 million to institutional and sophisticated investors in the US, Europe and Australia (**Placement**) and a proposed A\$3.4 million fully underwritten non-renounceable rights issue to be offered to existing eligible shareholders (**Rights Issue**). For every 2 shares subscribed for under the Placement and Rights Issue (**Offer**), 1 free attaching option will be allocated, exercisable at A\$0.27. The placement is subject to shareholder approval at Circadian's forthcoming annual general meeting to be held on 18 November 2014.

Bell Potter Securities acted as Lead Manager on the Placement and is the Underwriter to the proposed Rights Issue.

The new capital will be used to advance the company's lead molecule, OPT-302, through to the end of Phase 1 and 2A clinical studies for the treatment of wet AMD, the leading cause of blindness in the Western world with significant unmet medical need and large market opportunity. The funding will also strengthen Circadian's balance sheet and advance the company's business development activities to accelerate licensing opportunities for its Phase 2 ready oncology asset, VGX-100.

"This capital raising is an important milestone for Circadian. The valuation of comparable ophthalmology-focussed companies with early stage clinical programs gives us confidence that there is great potential for value-creation for existing Circadian shareholders and new investors as we advance the program through development," said Chairman Ms Dominique Fisher.

Dr Megan Baldwin, CEO and Managing Director commented "We are excited about the potential of OPT-302 for wet AMD and other eye diseases, which is based on strong preclinical data and endorsed by the addition to our share register of new institutional specialist healthcare investors from around the

world who recognise the value that can be added by progressing OPT-302 into the clinic. This capital raising, as well as our experienced management team, will enable Circadian to progress its assets to value-adding milestones.”

“The strong support from specialist healthcare investors validates the commitment of Circadian’s shareholders to the company’s development program and positions the company to realise the value inherent in our intellectual property and portfolio of assets,” said Dominique Fisher.

At the completion of this A\$17.4m capital raising, Circadian is expected to be financially positioned through its cash balance and ~A\$2m of listed assets to fund OPT-302 Phase 1 and 2A clinical studies and realise value from its Phase 2 ready VGX-100 program for oncology.

Offer Details

New shares issued under the Placement and Rights Issue will be issued at A\$0.175 per share which represents a 10% discount to the last closing price of A\$0.195. Shares issued will rank equally with Circadian’s existing fully paid ordinary shares. Fractional entitlements under the Rights Issue will be rounded up to the nearest whole number of new shares.

Investors participating in the Placement or Rights Issue will receive one free attaching option exercisable into one fully paid ordinary share, expiring on 25 November 2018 for every two new shares subscribed at an exercise price of A\$0.27 per share. Subject to ASX approval, Circadian intends to seek quotation of the options.

The proposed Placement of 80 million new shares will be conducted in two tranches:

- Tranche 1 – 6,857,143 new shares (A\$1.2M) to be issued to a European specialist healthcare fund under 15% placement capacity in accordance with ASX Listing Rule 7.1; and
- Tranche 2 – 73,142,857 new shares (A\$13.8M) to be issued subject to shareholder approval

The new shares under Tranche 1 of the Placement are expected to be issued on or about 20 October 2014.

The new shares to be issued under Tranche 2 of the Placement will be subject to shareholder approval at Circadian’s annual general meeting to be held on 18 November 2014. Subject to receipt of shareholder approval, the new shares under Tranche 2 of the Placement are expected to be issued on or about 25 November 2014.

The non-renounceable pro-rata Rights Issue offering 2 new fully paid ordinary shares for every 5 existing fully paid ordinary shares will be open to eligible shareholders with a registered address in Australia or New Zealand and who are registered on the Company’s share register at 7pm on 15 October 2014 (Record Date).

The Rights Issue will include a top-up facility under which eligible shareholders who take up their full entitlement will be invited to apply for additional new shares and accompanying options in respect of entitlements not taken up by other shareholders under the Rights Issue (**Top-Up Facility**). There is no guarantee that applicants will receive all or any of the additional shares and accompanying options they apply for under the Top-Up Facility. The Board of Circadian reserves the right to allocate securities under the Top-Up Facility at its absolute discretion.

Under the rights Issue, eligible shareholders may:

- Take up part or all of their entitlement under the Rights Issue
- Take up all of their entitlement under the Rights Issue and subscribe for additional new shares and accompanying options under the Top-Up Facility, or
- Allow their entitlement to lapse and become part of the Top-Up Facility.

Entitlements not taken up under the Rights Issue (including the Top-Up Facility) will be fully underwritten by Bell Potter Securities.

Circadian will notify shareholders as to whether they are eligible to participate in the Rights Issue. Eligible shareholders will receive an information booklet including a personalised entitlement and acceptance form that will provide further details on how to participate in the Rights Issue (and Top-Up Facility).

A copy of Circadian's investor presentation has been lodged with ASX today and can be downloaded from ASX's website www.asx.com.au and www.circadian.com.au.

Indicative Offer Timetable*

Activity	Date
Announcement of Offer and Appendix 3B lodged with ASX	Monday 6 October
Notice to shareholders regarding information required by Appendix 3B	Friday 10 October
'Ex' date	Monday 13 October
Record date for Rights Issue	7.00pm, Wednesday 15 October
Despatch of prospectus and personalised entitlement and acceptance forms	Friday 17 October
Settlement of Tranche 1 Placement shares	Friday 17 October
Rights Issue opens	Monday 20 October
Tranche 1 Placement shares allotment date	Monday 20 October
Rights Issue closes	Friday 31 October
Rights Issue shares and options quoted on a deferred settlement basis	Monday 3 November
Issue of shares and options under the Rights Issue and deferred settlement trading ends	Monday 10 November
Annual General Meeting (including the approval of the Placement)	Tuesday 18 November
Settlement of Tranche 2 Placement shares	Monday 24 November
Tranche 2 Placement share and options allotment date and Tranche 1 Placement options allotment date	Tuesday 25 November

*All dates are indicative only and subject to change. Circadian reserves the right to withdraw or vary the timetable without notice.

Company and media enquiries

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About Circadian Technologies Limited

Circadian (ASX:CIR; OTCQX:CKDXY) and its 100% owned subsidiary Opthea Pty Ltd is a biologics drug developer focusing on ophthalmic disease therapies. It controls exclusive worldwide rights to a significant intellectual property portfolio around Vascular Endothelial Growth Factor (VEGF)-C and -D. The applications for the VEGF technology, which functions in regulating blood and lymphatic vessel growth, are substantial and broad. Circadian's internal product development programs are primarily focused on developing OPT-302 (formerly VGX-300, soluble VEGFR-3) for 'back of the eye' disease such as wet age-related macular degeneration (wet AMD). Circadian has also licensed rights to some parts of its intellectual property portfolio for the development of other products to ImClone Systems, a wholly-owned subsidiary of Eli Lilly and Company, including the anti-lymphatic antibody-based drug IMC-3C5 targeting VEGFR-3.

About Wet AMD

Wet (neovascular) age-related macular degeneration, or wet AMD, is a disease characterised by the loss of vision in the middle of the visual field caused by degeneration of the central portion of the retina (the macula). Abnormal growth of blood vessels below the retina, and the leakage of fluid and protein from the vessels, causes retinal degeneration and leads to severe and rapid loss of vision.

Wet AMD typically affects individuals aged 50 years or older, and is the leading cause of blindness in the developed world. The prevalence of AMD is increasing annually as the population ages. Sales of the drug Lucentis[®] (Roche/Novartis), which targets VEGF-A but not VEGF-C, were over \$US3BN in 2012. Sales of Eylea[®] (Regeneron/Bayer), which also targets VEGF-A but not VEGF-C first marketed in November 2011 for the treatment of wet AMD, were \$US1.4BN in 2013 and are forecast to reach \$US1.7BN in 2014. Approximately half of the people receiving Lucentis[®]/Eylea[®] are classified as non-responders or 'poor' responders and experience no significant gain in vision and/or have persistent retinal vascular leakage. There is great opportunity to improve patient responses by targeting more than one factor involved in disease progression. Existing therapies, such as Lucentis[®]/Eylea[®], target VEGF-A that promotes blood vessel growth and leakage through its receptor VEGFR-2. VEGF-C can also induce angiogenesis and vessel leakage through the same receptor. Combined inhibition of VEGF-A and VEGF-C, has the potential to improve patient response by more effective inhibition of the pathways involved in disease progression.

Inherent risks of Investment in Biotechnology Companies

There are a number of inherent risks associated with the development of pharmaceutical products to a marketable stage. The lengthy clinical trial process is designed to assess the safety and efficacy of a drug prior to commercialisation and a significant proportion of drugs fail one or both of these criteria. Other risks include uncertainty of patent protection and proprietary rights, whether patent applications and issued patents will offer adequate protection to enable product development, the obtaining of necessary drug regulatory authority approvals and difficulties caused by the rapid advancements in technology. Companies such as Circadian are dependent on the success of their research and development projects and on the ability to attract funding to support these activities. Investment in research and development projects cannot be assessed on the same fundamentals as trading and manufacturing enterprises. Thus investment in companies specialising in drug development must be regarded as highly speculative. Circadian strongly recommends that professional investment advice be sought prior to such investments.

Forward-looking statements

Certain statements in this ASX announcement may contain forward-looking statements regarding Company business and the therapeutic and commercial potential of its technologies and products in development. Any statement describing Company goals, expectations, intentions or beliefs is a forward-looking statement and should be considered an at-risk statement. Such statements are subject to certain risks and uncertainties, particularly those risks or uncertainties inherent in the process of developing technology and in the process of discovering, developing and commercialising drugs that can be proven to be safe and effective for use as human therapeutics, and in the endeavour of building a business around such products and services. Circadian undertakes no obligation to publicly update any forward-looking statement, whether as a result of new information, future events, or otherwise. Actual results could differ materially from those discussed in this ASX announcement.