

27 October 2006

EXECUTIVE LONG-TERM INCENTIVES

The remuneration committee of the board has examined the appropriateness of current long-term incentives to the Company's executives. Based on its recommendation the board of directors has today resolved, subject to shareholder approval, to implement a Circadian Executive Option Plan and offer options which are subject to performance hurdles. This will replace the Circadian Executive Performance Rights Plan.

Under the proposed offer a total of 1.9 million options are to be offered to five senior executives of the Company. Each option will entitle the holder to purchase one fully paid ordinary share in Circadian at an exercise price of \$1.50, which is based on the volume weighted average closing price of Circadian ordinary shares traded on the Australian Stock Exchange (ASX) in the 20 days prior to and including 20 October 2006. The options will vest and be exercisable on the achievement of share price hurdles whereby one third of the total options which may be issued to each holder will vest on the achievement of the following:

- Tranche 1 – a market share price for Circadian (Share Price) which is not less than 125% of the option exercise price (i.e. \$1.875) within 3 years of the date of grant options (Grant Date);
- Tranche 2 – a Share Price which is not less than 150% of the option exercise price (i.e. \$2.25) within 3 years of Grant Date; and
- Tranche 3 – a Share Price which is not less than 175% of the option exercise price (i.e. \$2.625) within 5 years of Grant Date.

The Share Price hurdles referred to above are to be calculated as the volume weighted average share price of Circadian shares traded on the ASX over a 15 trading day period. The maximum exercise period is 5 years from Grant Date however no options may be exercised within 12 months of Grant Date. If the share price hurdles as detailed above are not met then the relevant options will expire.

This offer of options is subject to approval by Circadian shareholders at a general meeting which is to take place in December 2006 and the notice of general meeting containing the detailed terms and conditions of the proposed offer of options will be sent in due course.

Further information:

Natalie Korchev, Company Secretary
+61 3 9826 0399
www.circadian.com.au

ABOUT CIRCADIAN TECHNOLOGIES LIMITED

Circadian Technologies Limited (ASX: CIR) was listed on the Australian Stock Exchange in 1985 and provides management and funding for the development and commercialisation of Australian biomedical research.

It aims to identify high potential scientific research projects from within Australian universities and research institutes, focussing on opportunities that have the potential to address large markets or significant unmet medical needs. Circadian is able to provide funds for further project development, in addition to providing the management expertise that is essential if the project is to meet its goal of commercialisation.

Circadian has shareholdings in Optiscan Imaging Limited, Metabolic Pharmaceuticals Limited and Antisense Therapeutics Limited, companies in which Circadian has been involved in providing management, funding and assistance in their listing. Circadian is also the largest shareholder in Zenyth Therapeutics Limited, an Australian pharmaceutical research company, and the largest shareholder in Avexa Limited.

In addition to retaining shareholdings in these companies, Circadian maintains an active research and development program. Its core neurosciences research projects aim to develop a new treatment specifically for Alzheimer's disease, to develop novel compounds based on Paracetamol, to develop a family of new analgesics and to develop compounds with potential for enhancing memory. In respect of its core cancer projects it recently announced the formation of Vegenic Limited a collaboration with Ludwig Institute for Cancer Research and Licentia Ltd to develop antagonists of VEGF-C and/or VEGF-D as therapeutic agents, initially as anti-tumour agents. Other cancer related projects include a genomics based technology for identification of the primary source of cancers, a novel technology for identification of cancer markers, and an ongoing project with Monash and Melbourne Universities developing peptide based cancer vaccines. In addition, Circadian has an extensive patent portfolio in an emerging technology in gene testing (known as in situ hybridisation) and recently announced a collaboration with Monash University in respect of the development of a method for making improved peptide therapeutics.