

ANNOUNCEMENT

CIRCADIAN ANNOUNCES MAJOR DEVELOPMENT AGREEMENT WITH LUDWIG INSTITUTE FOR CANCER RESEARCH (NEW YORK & MELBOURNE) AND LICENTIA LIMITED (UNIVERSITY OF HELSINKI)

- **new jointly-owned company Vegemics Limited**
- **capital raising via ASX listing or private equity within 12 months**
- **development of VEGF antagonists as anti-tumour agents**
- **Ludwig Institute and University Helsinki world leading cancer research organisations**
- **Scientific discoverers in Australia and Finland are world-renowned angiogenesis experts**

May 1, 2006 Melbourne, New York, Helsinki: Circadian Technologies Limited (ASX: CIR) announced today that, in collaboration with one of the world's leading cancer research organizations, the Ludwig Institute for Cancer Research ("LICR") and the commercial arm of the University of Helsinki, Licentia Ltd. ("Licentia"), it has formed a new company, Vegemics Limited ("Vegemics"), to develop and commercialise the intellectual property and technology of LICR and Licentia in respect of molecules known as vascular endothelial growth factors (VEGF).

Vascular Endothelial Growth Factors are a family of proteins that play an important role in promoting the growth of new blood vessels and maintenance of existing blood vessels. The approach of inhibiting VEGF and thus restricting blood and nutrient supply to tumours has potential in the treatment of cancer.

Circadian will make an initial equity injection of \$4 million into Vegemics, which will be 50% owned by Circadian and 50% by LICR and Licentia. Vegemics will initially focus on developing peptide and antibody antagonists to two forms of VEGF (VEGF-C and VEGF-D) as anti-tumour agents.

It is currently the intention of Vegemics to raise a minimum of \$16M additional new equity within 12 months, by way of an ASX listing or private equity raising at a market capitalisation in excess of \$50M.

Commenting on the transaction Mr Edward A. McDermott Jr, President and CEO of LICR stated, "We are very excited by the opportunity to work with one of the pioneers of the Australian biotechnology industry, in a close and collaborative manner. We look forward to advancing LICR's cancer discovery program to potential clinical development. The Circadian model, which is now represented in the Vegemics collaboration, is one that has great appeal to research discovery organizations such as ours who need vehicles to translate basic and important discoveries into products that benefit cancer patients."

Dr Timo Tormala, CEO of Licentia Ltd. commented “The work undertaken by Prof Kari Alitalo and his colleagues in Helsinki and Drs Steven Stacker and Marc Achen in Melbourne is recognized as being seminal to the field of angiogenesis. We are delighted that we can now move to translate these discoveries into clinical candidates through the Vegemics collaboration.”

Mr Leon Serry, Managing Director of Circadian noted “Circadian has, over its 21 years, been totally committed to working with the excellence of the medical research community in early stage discoveries. The teams at LICR and the University of Helsinki are world leaders in their fields who share our passion to provide better and safer medicines for cancer patients. We believe that targeting tumour angiogenesis, as we will do in the Vegemics development plan, may provide better treatments in cancer therapy in the forthcoming years.”

In February 2004, Avastin® (a therapeutic antibody designed by Genentech Inc to inhibit VEGF-A) received FDA approval as a first-line combination therapy for patients with metastatic cancer of the colon or rectum. Genentech advised in January 2006 that 2005 US sales of Avastin were US\$1.1b, up from US\$0.5b in 2004.

LICR and Licentia have developed an extensive patent portfolio covering VEGF-C and VEGF-D and antagonists to these molecules over the past 10 years arising from discoveries made by LICR Melbourne Branch scientists, Assoc Prof Steven Stacker and Assoc Prof Marc Achen and Prof Kari Alitalo of the University of Helsinki. LICR and Licentia have exclusively licensed to Vegemics all of their jointly owned technology covering VEGF-C and VEGF-D antagonists as therapeutic and diagnostic agents, subject to Vegemics raising \$16m of new equity within 24 months and subject to the rights of existing licensees.

The licence and shareholder agreements between the parties are subject to patent and legal due diligence being completed by Vegemics by end June 2006.

The licensed patent family comprises more than 50 granted patents in USA, Europe, Japan and Australia and over 400 pending patent applications worldwide.

In consideration of the transaction LICR and Licentia have agreed to share with Vegemics any licensing or royalty income they receive from existing third party licences under the IP estate.

The Board of Vegemics will be chaired by Mr Leon Serry (Managing Director of Circadian) and will comprise Mr Robert Klupacs of Circadian as Managing Director, Mr Graeme Kaufman of Circadian as Executive Director, Dr Jonathan Skipper (Executive Director for Intellectual Property and Licensing, LICR), Dr Andrew Simpson (Executive Director for Programs and Operations, LICR) and Dr Timo Tormala (President and CEO of Licentia Ltd.) as Non-Executive Directors.

About LICR

The Ludwig Institute for Cancer Research is a global non-profit organization committed to improving the understanding and control of cancer through integrated laboratory and clinical discovery employing over 800 scientists in Branches throughout North and South America, Europe and Australia. Leveraging its worldwide network of investigators and the ability to sponsor and conduct its own clinical trials, LICR is actively engaged in translating its discoveries into applications for human benefit.

About Licentia

Licentia Oy commercialises technologies with IP protection originating from Finnish research institutes and universities, either through licensing or start-up companies. Since its establishment in 2001, Licentia has concluded over 70 licence and related contracts, which have generated income in millions of euros to universities and inventors.

About Circadian

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 a major 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. Its core cancer project portfolio includes a genomics based technology for identification of the primary source of cancers, a novel technology for identification of cancer markers, and the development of 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 of replacing internal molecular linkages known as disulphide bonds with more stable carbon bonds, in a highly specific fashion.

Further Information:

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