

ASX / Media Release

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CIRCADIAN AND ARK SETTLE TRINAM® ARBITRATION

- Circadian grants Ark subsidiary –Lymphatix Limited - an exclusive licence to Trinam® in return for ongoing licence fees and royalty payments to Circadian
- Arbitration process terminated
- Each party responsible for its own costs incurred.

Circadian Technologies (ASX.CIR) announces today that it amicably settled the previously announced arbitration proceedings instituted against Lymphatix Ltd, a 100% owned subsidiary of Ark Therapeutics Group plc (AKT:LSE) relating to Ark's product Trinam®.

Under the settlement, both parties have agreed to terminate the arbitration process and to bear their own costs incurred to date.

Under the settlement, Circadian, through its 100% owned subsidiary Vegenics Limited, will now receive an increased annual licence payment and royalties on any commercialisation income generated from Trinam®. In return, Vegenics has granted Lymphatix an exclusive worldwide licence under its VEGF-D patent portfolio for VEGF-D gene therapy products including Trinam®.

Trinam® is a potential agent for inhibiting stenosis of venous access grafts in renal dialysis patients. Ark has announced that as part of its ongoing strategy it will be seeking partners to fund ongoing clinical development of this molecule.

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About Circadian Technologies Limited

Circadian (ASX:CIR) is a biologics drug developer focusing on cancer 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 focussed on novel anti-cancer therapeutics for large unmet needs. 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 & Company - NYSE: LLY). ImClone Systems is currently developing an antibody-based drug targeting VEGFR-3 for the treatment of solid tumours.

About Trinam

Trinam® is a novel product consisting of a local delivery device and VEGF-D gene, being developed to prevent the blocking of blood vessels that frequently occurs after vascular surgery. The initial target market is haemodialysis graft access surgery, a procedure in which patients whose kidneys have failed have a plastic tube grafted between blood vessels generally in their forearm so that their blood can be regularly filtered using a dialysis machine. Trinam® has completed a Phase IIa trial and recently started patient enrolment within a large Phase IIb, randomised, controlled study which expects to recruit up to 50 patients.

About Circadian's pipeline of treatments for cancer

The clinical and outstanding commercial success of Avastin, an antibody that blocks the activity of VEGF-A, clinically validated anti-angiogenic drugs as an effective means of inhibiting solid tumour growth. By blocking the interaction of VEGF-A with its receptors, primarily VEGFR-2, the multi-billion dollar cancer therapeutic slows tumour growth by inhibiting blood vessel recruitment into the tumour, effectively starving tumours of essential nutrients and oxygen required for growth. Avastin, which is sold by Genentech, now part of Roche, had U.S. sales in 2009 of US\$5.7 billion and worldwide sales in excess of US\$8.6 billion. Avastin is approved by the US FDA in the following indications: metastatic colorectal cancer, non-squamous-cell lung cancer, metastatic breast cancer, glioblastoma, metastatic renal cell carcinoma.

The VEGF-C inhibitor, VGX-100, a key therapeutic in Circadian's portfolio, block this alternative stimulator for VEGFR-2. As such, it has the potential to block blood vessel growth in tumours resistant to anti-VEGF-A therapy and, when used in combination with drugs like Avastin, may completely shut down angiogenesis (the growth of blood vessels) mediated by VEGFR-2, resulting in greater clinical efficacy.

VEGF-C along with the molecule VEGF-D. are also the only known proteins to bind and activate VEGFR-3 which drives lymphatic vessel and tumour-associated blood vessel growth. Inhibitors of VEGF-C thus have therapeutic potential to inhibit not only primary tumour growth through their anti-angiogenic activities, but to also inhibit tumour spread or metastasis via the lymphatic vessels - a mechanism of tumour dissemination that is often the deadliest aspect of many tumour types and a mechanism that is not effectively blocked by anti-VEGF-A or anti-VEGFR-2 therapeutics.

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 statement

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 endeavor 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.