

CIRCADIAN TECHNOLOGIES LIMITED

BOARD CHARTER

1. Board Responsibilities

The Board of Directors is to represent and protect the interests of the company's shareholders. The Board is responsible for the corporate governance of the company and guides and monitors the business and affairs of the company.

In furtherance of its responsibilities, the Board of Directors will:

- Review, evaluate, provide input into and approve, on a regular basis, Circadian's corporate strategy.
- Monitor senior management's performance and implementation of strategy, and ensure appropriate resources are available.
- Review, evaluate and approve Circadian's budget and forecasts.
- Review, evaluate, approve and monitor major resource allocations and capital investments, and acquisitions and divestitures.
- Review and monitor the financial and operating results of Circadian.
- Review, evaluate and approve the overall corporate organisational structure, the assignment of senior management responsibilities and plans for senior management development and succession.
- Review, evaluate and approve compensation strategy as it relates to senior management of Circadian.
- Review and ratify systems of risk management and internal compliance and control, codes of conduct, and legal compliance.
- Appoint and remove the managing director (chief executive officer).
- Ratify the appointment and, where appropriate, the removal of the chief financial officer and the company secretary.
- Where necessary identify and nominate individuals qualified to become Board members.

The Board consists of seven directors, one of whom is an executive (Robert Klupacs, Managing Director) and five of whom are non-executives (Ms Dominique Fisher - Chairman, Mr Jonathan Skipper, Mr Donald Clarke, Ms Tina McMeckan, Mr Carlo Montagner and Mr Errol Malta).

The Board has delegated the day-to-day management of the company, and the implementation of approved business plans and strategies to the Managing Director, who in turn may further delegate to senior management.

2. Size and Composition of the Board

Circadian's constitution prescribes that the number of Directors of the company, which shall constitute the whole Board, shall not be less than 3 or more than 10 unless the company in general meeting by resolution changes the maximum or minimum number. The exact number of Directors within such range shall be fixed from time to time by resolution of the Board.

The Board shall have a balanced representation of relevant areas of experience and types of expertise. More than 50% of the directors should be independent members. To be considered independent, a non-executive director may not have a direct or indirect material relationship with the company. The Board has determined that a material relationship is one which impairs or inhibits, or has the potential to impair or inhibit, a director's exercise of judgement on behalf of the Company and its shareholders.

3. Qualifications and Desirable Characteristics of Directors

To be considered for membership on the Board, a candidate should meet the following criteria:

- Be of proven integrity with a history of achievements that reflect high standards.
- Demonstrate intelligence, wisdom and thoughtfulness in decision-making that usually will be based on broad experience.
- Be able and willing to commit the time and energy necessary to attend to the Company's affairs including attending Board and Board Committee meetings.
- Be committed to building sound, long-term growth in the value of the Company.
- Be able to objectively review and evaluate management's performance and implementation of strategy.

4. Board Meetings

Regular Board meetings will be held a minimum of six times per year, and special meetings will be called as necessary. A schedule of locations of the regular meetings will be provided to the Directors well in advance. Directors are expected to attend Board meetings and meetings of the committees on which they serve. Directors should spend the time necessary and meet as frequently as necessary to properly discharge their responsibilities.

The Chairman, Managing Director or Committee Chairs may from time to time invite corporate officers, other employees and advisors to attend Board or committee meetings whenever deemed appropriate.

5. Role of the Chairman

- Chairs board meetings
- Sets the board meeting agendas with the CEO/Managing Director
- Liaises with management with regard to the information the board needs to enable effective monitoring of company performance including:
 - Ensures that the board is kept properly informed about the company's financial affairs, including its cash flows
- Ensures a clear structure for and the effective running of the board and its committees – including effective time management for the board to consider complex or contentious issues
- Manages the board and creates an appropriate environment for robust board discussion and encourages active engagement by all board members
- Fosters an environment of constructive collegiality among the directors, drawing out the best contributions from each
- Ensures effective implementation of board decisions
- Creates a constructive relationship with management and is to act as a conduit between management and the board

- Acts as a sounding board for the CEO, while monitoring his or her performance
- Leads the process by which the board motivates and evaluates the CEO
- Takes leadership in monitoring the corporate governance structure of the company.
- Chairs general meetings of shareholders
 - Conduct shareholder meetings with sufficient skill to allow views to be heard and decisions to be made, all within reasonable time
- Supports the external communications of the company

6. Board Committees

The Board has the following Committees;

- Audit Committee, chaired by Tina McMeckan; and
- Remuneration Committee, chaired by Donald Clarke.

Each of these committees has its own charter. The charters set forth the purposes, goals and responsibilities of the committees as well as qualifications for committee membership, procedures for committee member appointment and removal, committee structure and operations and committee reporting to the Board.

The Board also has a Product Development Review Committee which was established to advise the Board in making well-informed choices in directing material investment in research and development projects by providing strategic advice regarding the Company's drug development and clinical programs. This committee is chaired by Errol Malta.

It is the Board's policy that committees of the Board should:

- be entitled to obtain independent professional or other advice at the cost of Circadian, unless the Board determines otherwise;
- be entitled to obtain such resources and information from Circadian including direct access to employees and advisers to Circadian as they may require; and
- operate in accordance with committee charters as approved by the Board.

7. Director Access to Officers and Employees

Directors have full and free access to officers and employees of Circadian. Any meetings or contacts that a Director wishes to initiate may be arranged through the CEO or the Company Secretary or directly by the Director. The Directors will use their judgement to ensure that any such contact is not disruptive to the business operations of Circadian and will, to the extent not inappropriate, copy the CEO on any written communications between a Director and an officer or employee of Circadian.

8. Director's Access to Independent Professional Advice

For the purposes of proper performance of their duties, Directors are entitled to seek independent professional advice at Circadian's expense, unless the Board determines otherwise. In addition, each Director will be a party to a deed with Circadian whereby Circadian has agreed to indemnify its Directors against certain liabilities, to maintain Directors and Officers Insurance coverage for its Directors and to provide access to its Directors to Circadian's documents and information. The deeds are on terms similar to those adopted by other public listed companies.

9. Appointment and Retirement of Non-Executive Directors

It is the Board's policy to determine the terms and conditions relating to the appointment and retirement of non-executive directors on a case by case basis and in conformity with requirements of the ASX Listing Rules and the Corporations Act. As Circadian is not a large company, a separate nomination committee has not been created. Appointment and retirement of Directors will be in accordance with the following:

- The Board will consider from time to time changes that the Board believes to be desirable to the size of the Board or any committee thereof.
- Where a board vacancy exists (including a vacancy created by an increase in size of the Board), the Board will identify individuals believed to be qualified to become Board members to stand for election as Directors at the Annual General Meeting of shareholders. In nominating candidates, the Board shall take into consideration the qualifications of the candidate and the characteristics of the candidate as described in paragraph 3. These factors may include judgement, skill, diversity, experience with businesses and other organisations of comparable size, the interplay of the candidate's experience with the experience of other Board members, and the extent to which the candidate would be a desirable addition to the Board and any committees of the Board. The Board may consider candidates proposed by management, but is not required to do so.
- Where a vacancy exists on any Board Committee, the Board will appoint a Director to that committee taking into consideration the factors set forth in the charter of the committee, if any, as well as any other factors it deems appropriate, including, without limitation, applicable legislative requirements, the consistency of the candidate's experience with the goals of the committee and the interplay of the candidate's experience with the experience of other committee members.

The Board is responsible for ensuring that an effective induction process is in place for new directors appointed to the Board.

The Board is also responsible for developing a succession plan for board members, including the succession of the Chairman, to maintain an appropriate mix of skills, experience, expertise and diversity on the Board.

10. Resignation from the Board

Any Director may resign at any time by giving notice in writing to the Chairman of the Board. Such resignation shall take effect upon receipt thereof or at any later time specified therein.

11. Director Compensation

Non-executive Directors shall receive reasonable compensation for their services. Directors who are employees of Circadian shall receive no additional compensation for serving as Directors.

The form and amount of Director compensation will be determined by the Remuneration Committee in accordance with the policies and principles set forth in its charter, and the Remuneration Committee will conduct an annual review of Director compensation.

12. Performance Evaluation of the Board

The Board of Directors will conduct an annual self-evaluation to determine whether it and its committees are functioning effectively. Comments will be provided by all Directors annually and the Board will discuss and assess the performance of the Board and its committees close to or following the end of each fiscal year. The assessment will focus on the Board's contribution to Circadian and specifically focus on areas in which the Board or management believes that the Board could improve.