

15 June 2006

Extension to Collaboration with University of Sydney for Development of Memory Enhancing Compounds for use in Alzheimer's Disease patients

We would like to advise that Circadian's wholly owned subsidiary, Neuro Therapeutics Limited, has concluded agreements to provide an extension of funding for the "Memory Enhancement" project being conducted by Professor Graham Johnston and colleagues at the University of Sydney.

This project is owned 60% by Neuro Therapeutics and 40% by University of Sydney.

The team at University of Sydney and Circadian have been collaborating on the development of small molecule compounds which block the action of GABA_c receptor. GABA_c has been shown to be an important neurotransmitter in the brain with potential roles in mediating memory functions in the brain. Recent Phase 2b human clinical studies published by scientists from Saegis Inc have shown that GABA-receptor antagonists can have significant effects in improving memory in cognitively impaired patients.

The team at University of Sydney has developed chemically distinct molecules which act similarly to the Saegis compound in laboratory models. Neuro Therapeutics and University of Sydney will synthesise these molecules and assess them in a range of predictive models.

Neuro Therapeutics has committed \$280,250 in research funding over 12 months with an option to extend funding at the same level for a further 12 months. The focus of the project is to synthesise and test several candidate compounds to demonstrate proof of principle across several disease categories.

Neuro Therapeutics has responsibility for managing and commercialising the project, which will be based at University of Sydney and research institutes in Melbourne.

We have also attached a table showing the current price of Circadian's listed shareholdings.

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ASX Listed Shareholdings Update

In addition to having a significant portfolio of research and development projects, Circadian is the largest shareholder in five ASX listed biotechnology companies.

The following table sets out the market value per Circadian share of Circadian's ASX listed holdings only (including cash on hand of \$15 million) at the close of trade on 14 June 2006.

This does not take into account the company's unlisted holdings and current research and development projects including the recently announced Vegenics collaboration with the Ludwig Institute for Cancer Research.

The total market value of Circadian's ASX listed holdings and cash at that date was \$1.45 per share, with its last bid price of \$1.03 representing a discount of 29%.

Circadian Technologies Limited ASX Listed Shareholdings		
	Market Value \$m <i>14 June 2006</i>	Market Value Per Circadian Share
Metabolic Pharmaceuticals Limited (MBP)	\$19.0	\$0.47
Optiscan Imaging Limited (OIL)	\$3.0	\$0.08
Antisense Therapeutics Limited (ANP and ANPO) – direct and indirect interest	\$3.2	\$0.08
Zenyth Therapeutics Limited (ZTL)	\$13.0	\$0.32
Avexa Limited (AVX)	\$5.4	\$0.13
Cash	\$14.8	\$0.37
Market Value of Holdings and Cash	\$58.4	\$1.45

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 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. In respect of its core cancer projects it recently announced the formation of Vegenics 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 of replacing internal molecular linkages known as disulphide bonds with more stable carbon bonds, in a highly specific fashion.