

CIRCADIAN TECHNOLOGIES LIMITED

PERFORMANCE EVALUATION PROCESS FOR DIRECTORS AND EXECUTIVES

Overview

The Board is responsible for reviewing its own performance. The non-executive directors are responsible for evaluating the performance of the managing director, who in turn evaluates the performance of all other senior executives. The evaluation process is intended to assess the Company's business performance, whether long-term strategic objectives are being achieved and the achievement of individual performance objectives.

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. The Remuneration Committee will receive comments from all Directors and report annually to the Board with an assessment of the Board's performance. The assessment will be discussed with the full Board annually. 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.

Performance Evaluation of the Managing Director

The Remuneration Committee will conduct an annual evaluation of the managing director's performance to ensure that the managing director is providing the best leadership for the Company in the long and short-term. The managing director's performance will be measured against individual goals and objectives established by the Board and agreed with the managing director at the beginning of each financial year. As a result of the annual performance evaluation, the Remuneration Committee will recommend to the Board as appropriate, changes to the managing director's remuneration.

Performance Evaluation of Senior Executives

The managing director will conduct an annual evaluation of each senior executive officer's performance against individual goals and objectives agreed with the executive officer at the beginning of each financial year. As a result of the annual performance evaluation, the managing director will recommend to the Remuneration Committee as appropriate, changes to the senior executive's remuneration.