

ASX ANNOUNCEMENT: 17 January 2011

VEGF-D Licence Agreement

Open Briefing with CEO & MD Robert Klupacs

Circadian Technologies Limited
Level 1, 10 Wallace Avenue
Toorak, Victoria 3142**In this Open Briefing®, CEO & MD Robert Klupacs discusses**

- Licence agreement with Chugai Pharmaceutical for VEGF-D IP rights
- Circadian now controls the key VEGF-D IP assets worldwide
- Expanded opportunity to develop VEGF-D based products and close VEGF-D deals

Open Briefing interview:

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Circadian Technologies (ASX:CIR) recently announced that its subsidiary Vegenics Pty Limited had been granted worldwide rights by Chugai Pharmaceutical Co, Ltd. of Japan (Chugai) to its vascular endothelial growth factor D (VEGF-D) intellectual property (IP) estate. What does this licence agreement bring to Circadian's own VEGF-D portfolio and development strategy?

CEO & MD Robert Klupacs

The VEGF-D licence agreement means we now control the key VEGF-D intellectual property assets around the world, enabling us to develop VEGF-D based products without potentially infringing another party's rights.

Previously, while we had our own extensive VEGF-D patent portfolio, we were engaging in patent oppositions in Europe and interferences in the US with Chugai regarding overlapping rights between us and them.

The agreement provides us with access to all of Chugai's VEGF-D rights. The licence is a better outcome than expected as it removes our expenses related to patent opposition and interference around the world and consolidates our dominance over this technology.

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Are there any new opportunities for early commercialisation of VEGF-D applications potentially arising from this licence agreement?

CEO & MD Robert Klupacs

We are engaged in ongoing discussions with a number of parties regarding certain aspects of VEGF-D product development and other VEGF-D related opportunities. This agreement makes it easier for us to close those transactions as we can now offer the rights to both our own and Chugai's VEGF-D IP assets in the one package.

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What is the benefit to Circadian of being able to sublicense the rights to Chugai's VEGF-D IP estate? Are there any restrictions on these sublicense rights?

CEO & MD Robert Klupacs

The major benefit for us is that we are now the one-stop shop for anyone wanting to develop a VEGF-D based product. We can provide all the necessary rights to our portfolio as well as a sublicense to the Chugai rights. While there aren't any restrictions on the sublicense rights Chugai will receive a modest percentage of any commercial returns from any sublicense arrangements we enter into.

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What are the milestone and royalty payment arrangements of the licence agreement? How will Circadian fund payment of the upfront licence fee? When will the licence agreement expire?

MD Robert Klupacs

While the exact terms of the agreement are confidential, the licence fees are relatively modest and the upfront fee relatively small. We currently hold around A\$27 million in cash and so can easily cover the upfront fee out of our existing cash reserves. The licence agreement will expire when the Chugai patents expire on a country-by-country basis.

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Circadian recently secured a VEGF-D patent in the US for diagnostic applications and has partnered with the Cincinnati Children's Hospital Medical Centre to develop and market a blood test for the lung disease lymphangioleiomyomatosis (LAM) using VEGF-D. How important is VEGF-D within Circadian's IP portfolio?

CEO & MD Robert Klupacs

VEGF-D is a very interesting and important molecule for the company. While our VEGF-D antibody programs are not as advanced as our VEGF-C antibody programs, we are very excited about the possibilities for using VEGF-D in a diagnostic setting not just in the respiratory area but also in cancer and related diagnosis. We believe that as we continue to develop all of our assets, the VEGF-D antagonists as well as the diagnostic portfolio will become increasingly important to us.

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Are there plans to further expand Circadian's IP portfolio?

CEO & MD Robert Klupacs

Intellectual property is the life blood of biotechnology companies. Although we already have a very significant intellectual property portfolio, we need to continually innovate and add to it in a strategic, cost-efficient and effective manner. At the same time, we also need to

protect our product development opportunities, inventions and any further discoveries we make.

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Thank you Robert.

For more information about Circadian Technologies Limited, visit www.circadian.com.au or call Robert Klupacs on +61 3 9826 0399.

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