

10 October 2014

Dear Shareholder

**Circadian Technologies Limited
Non-Renounceable 2 for 5 Rights Issue**

Circadian Technologies Limited ACN 006 340 567 (**Company**) was pleased to announce on 6 October 2014 a capital raising of A\$17.4 million comprising of a:

1. A\$14 million placement (divided into two tranches, the issue of new shares under Tranche 1 of the placement will raise \$1.2 million and the issue of new shares under Tranche 2 of the placement (which is subject to shareholder approval at the Company's upcoming annual general meeting to be held on 18 November 2014) will raise \$12.8 million; and
2. rights issue to raise \$3.4 million.

The new capital will be used to advance the Company's lead molecule, OPT-302, through to the end of Phase 1 and 2A clinical studies for the treatment of wet AMD, the leading cause of blindness in the Western world with significant unmet medical need and large market opportunity. The funding will also strengthen Circadian's balance sheet and advance the company's business development activities to accelerate licensing opportunities for its Phase 2 ready oncology asset, VGX-100.

The Company lodged on 9 October 2014 a prospectus with the ASX for its a non-renounceable rights issue of 2 new shares for every 5 shares held by those eligible shareholders registered at the record date at an issue price of A\$0.175 per new share (**New Shares**) in order to raise approximately A\$3.4 million, together with 1 free new option for every 2 New Shares applied for (**New Options**), exercisable at A\$0.27 per New Option on or before 25 November 2018 (**Rights Issue**). The Rights Issue also includes an offer to subscribe for New Shares and accompanying New Options in excess of an eligible shareholder's entitlement (**Top-Up Facility**).

The Rights Issue is fully underwritten by Bell Potter Securities Limited. The Company will pay the underwriter a management fee of 2.5% and an underwriting fee of 3.5% of the proceeds under the Rights Issue and an offer options exercise fee of 6% of the gross value of exercise proceeds on each New Option which is subsequently exercised. The underwriter will be responsible for any sub-underwriting fees.

Terms of the Rights Issue

The Rights Issue gives eligible shareholders the opportunity to participate in the Rights Issue on the basis of 2 new ordinary shares for every 5 ordinary shares held by them as at 7:00 pm (Melbourne time) on 15 October 2014 (**Record Date**) at an offer price of A\$0.175 per New Share together with 1 free New Option for every 2 New Shares applied for, exercisable at \$0.27 per New Option on or before 25 November 2018.

Eligibility

The Rights Issue is being made to shareholders with a registered address in Australia or New Zealand (**Eligible Shareholders**).

Offer Documents

If you are an Eligible Shareholder, the prospectus relating to the Rights Issue will be dispatched to you by 17 October 2014.

The Rights Issue documents consist of:

- the Rights Issue prospectus issued under section 713 of the Corporations Act (Cth) 2001 (**Prospectus**); and
- a personalised Entitlement and Acceptance Form which sets out the number of New Shares an Eligible Shareholder is entitled to apply for under the Rights Issue (**Entitlement**).

The prospectus is important and will require your immediate attention. If you have any questions please direct these to Mike Tonroe (Company Secretary) on +61 3 9826 0399.

A copy of the Prospectus is available at www.circadian.com.au and on www.asx.com.au.

Participation

Eligible Shareholders may take up their Entitlement in full or in part. If you are an Eligible Shareholder, your Entitlement will be determined as at 7:00pm (Melbourne time) on the Record Date.

Applications can be made with the personalised Entitlement and Acceptance Form which shows your Entitlement and which you will receive with the Rights Issue prospectus.

Eligible Shareholders who take up their entitlement in full can also apply for additional New Shares in excess of their entitlement (**Top-Up Shares**) as described in the Prospectus. The Company cannot guarantee that any Top-Up Shares will be available and, if the number of Top-Up Shares subscribed for exceeds the number of New Shares available, the Company reserves the right to scale back acceptances (at its sole and absolute discretion).

Fractional Entitlements to New Shares are rounded up to the nearest whole number of shares. As the Rights Issue is non-renounceable, Entitlements cannot be traded.

The New Shares issued under the Rights Issue will rank equally with the ordinary shares currently on issue.

Important Dates

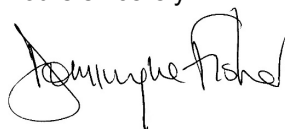
The Rights Issue will be conducted according to the following indicative table:

Lodgement of Prospectus with the ASIC and ASX	9 October 2014
Notice sent to Shareholders	10 October 2014
Ex date	13 October 2014
Record Date for determining Entitlements	15 October 2014
Prospectus despatched to Shareholders & Company announces despatch has been completed	17 October 2014
Opening Date	20 October 2014
Closing Date	31 October 2014
Quotation of New Shares and accompanying New Options under the Rights Issue (on a deferred settlement basis)	3 November 2014
ASX notified of under subscriptions	6 November 2014
Issue of New Shares and accompanying New Options	10 November 2014
Lodgement of Appendix 3B	10 November 2014
Despatch of holding statements	11 November 2014

The dates above are indicative only. Subject to the ASX Listing Rules and the Corporations Act, the Company with the consent of the Underwriter may extend the Closing Date by giving at least 3 business days notice to ASX prior to the Closing Date. As such, the date the New Shares and New Options are expected to commence trading on ASX may vary.

On behalf of the Board, I invite you to consider this investment opportunity and thank you for your ongoing support of our Company.

Yours sincerely



Dominique Fisher
Chairman