

Select-Tel Limited

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COMPANY ANNOUNCEMENT

23 January 2003

M.O.U. SIGNED WITH LEADING AUSTRALIAN MEDICAL RESEARCH INSTITUTE

Select-Tel Limited (ASX:SLT) is pleased to announce that the company has entered into a Memorandum of Understanding ("MOU") with the Macfarlane Burnet Institute for Medical Research and Public Health. The Burnet Institute is a world-renowned Melbourne-based medical research and public health organisation with a focus on infectious diseases.

The goal of the relationship between Select-Tel and the Burnet Institute is to fund the development and commercialisation of highly promising research & development ("R&D") projects, initially in the fields of hepatitis diagnostics and vaccines, and antivirals against rhinoviruses (common cold) and enteroviruses. Included is a business development program for a market-ready hepatitis E diagnostic product aimed at large markets in Asia. As part of the relationship, Select-Tel will gain a right of first review and commercialisation over a selected range of other research being conducted at the Burnet Institute.

The key terms of the MOU between the company and the Burnet Institute include the following:

- Select-Tel will establish two subsidiary project companies to fund and manage existing Burnet Institute R&D projects in the fields of hepatitis diagnostics and vaccines, and antivirals for rhinoviruses and enteroviruses;
- In return for committing an initial 12 months R&D funding for each project company (estimated to total approximately \$1m) Select-Tel will earn 65% of the initial equity in each subsidiary and the Burnet Institute will hold the balance;
- Funding will be milestone-based and, subject to the achievement of milestones, Select-Tel will fund a further 12 months R&D (estimated to total approximately a further \$1m) in return for additional equity in each project company;
- Select-Tel and the Burnet Institute will appoint directors to the Boards of the project companies;
- Select-Tel will add new expertise to its Board of Directors and will appoint a well-credentialed and experienced management team and scientific advisory panel to guide and manage the operations of the company;
- Select-Tel will have a five-year right of first review for commercialisation (with a further five year extension by mutual agreement) over a selected range of current and future research conducted at the Burnet Institute;
- Finalisation of the arrangements between Select-Tel and the Burnet Institute is subject to agreement on key contractual documentation, establishment of the project companies and agreement on their business and commercialisation plans and the securing of all necessary shareholder and regulatory approvals.

Select-Tel and the Burnet Institute have now entered a sixty day period of exclusivity during which detailed documentation relating to the transaction will be finalised. Upon such finalisation the company will seek shareholder approval for the transaction. Included will be approval for an associated capital raising through the issue of new securities and compliance with all relevant ASX Listing Rules.

Select-Tel has retained the services of Peregrine Corporate Limited to advise on and manage the transaction and to assist with all capital raising activities.

For And On Behalf Of The Board,



RICHARD REVELINS

Director

For further information please contact:

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Burnet Institute

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