

**THIS IS AN IMPORTANT DOCUMENT  
AND REQUIRES YOUR ATTENTION**

**If you are in doubt as to how to deal with it,  
please consult your financial or other professional adviser.**

**SELECT VACCINES LIMITED**

ABN: 25 062 063 692

**NOTICE OF ANNUAL GENERAL MEETING  
INCORPORATING  
EXPLANATORY MEMORANDUM and PROXY FORM**

Notice is given that an Annual General Meeting of  
Select Vaccines Limited will be held at Giorgio's Function  
Room, 1235 High Street, Armadale, Victoria 3143,  
on Friday 22nd of April 2005, commencing at 11.00am.

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## SELECT VACCINES LIMITED

ABN 25 062 063 692

### NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that an Annual General Meeting ("AGM") of the Members of Select Vaccines Limited ("Company") will be held at Giorgio's Function Room, 1235 High Street, Armadale, Victoria, 3143, on Friday 22nd of April 2005 at 11.00am.

### BUSINESS OF THE ANNUAL GENERAL MEETING

#### ORDINARY BUSINESS

##### 1. Financial Statements and Reports

To receive and consider the annual financial report of the Company and of the economic entity for the year ended 31 December 2004 and the reports by directors and auditors thereon.

*To consider, and if thought fit, to pass, with or without amendment, the following ordinary resolutions:*

##### 2. Election of Directors

###### 2.1 Election of Dr. Ian Cooke

"That Dr Ian Cooke, a director appointed to fill a casual vacancy and being eligible for election, be elected as a Director of the Company."

###### 2.2 Election of Mr George Weber

"That Mr George Weber, a director appointed to fill a casual vacancy and being eligible for election, be elected as a Director of the Company."

###### 2.3 Re-election of Mr Jeremy Cooper

"That Mr Jeremy Cooper, who retires in accordance with the Company's constitution and, being eligible, offers himself for re-election, be re-elected as a Director."

#### SPECIAL BUSINESS

##### 3. Approval of previous issue of shares

"That the Company authorises and approves the previous issue of 959,025 ordinary shares to subscribers of the 2004 Placement described in the Explanatory Memorandum accompanying the Notice of Meeting at an issue price of 25.5 cents per share."

##### 4. Approval of previous grant of quoted options

"That the Company authorises and approves the previous grant of 1,500,000 listed options (ASX: SLTOA) exercisable at 20 cents on or before 31 May 2008 described in the Explanatory Memorandum accompanying the Notice of Meeting."

- 5. Approval of previous grant of unquoted options**

“That the Company authorises and approves the grant of 1,750,000 unlisted options (ASX:SLTAO), exercisable at 30 cents on or before 30 April 2008 described in the Explanatory Memorandum accompanying the Notice of Meeting.”
- 6. Approval of issue of shares and grant of unquoted options to Macfarlane Burnet Institute**

“That the Company authorises and approves the issue of 4,000,000 shares and 2,000,000 unquoted options to the Macfarlane Burnet Institute for Medical Research and Public Health Limited for the purchase of its minority interests in Hepgenics Pty Ltd and Picoral Pty Ltd, as described and under the terms set forth in the Explanatory Memorandum accompanying the Notice of Meeting.”
- 7. Approval of grant of unquoted options to Macfarlane Burnet Institute**

“That the Company authorises and approves the grant of up to 1,750,000 unquoted options to the Macfarlane Burnet Institute for Medical Research and Public Health Limited, as described and under the terms set forth in the Explanatory Memorandum accompanying the Notice of Meeting.”
- 8. Approval for Placement**

“That the Company authorises and approves the issue of up to 8,333,333 ordinary shares deemed fully paid at an issue price of \$0.42 per share to raise up to \$3,500,000 before costs.”
- 9. Participation by Directors and Associates**

“That, subject to resolution 8 being approved, shareholders approve the Directors of Select Vaccines Ltd and their associates subscribing for new shares, on the same basis as other subscribers, up to a total value of \$150,000.”
- 10. Adoption of 2005 Employees’, Directors’ and Consultants’ Share and Option Plan**

“That shareholders approve the adoption by the Company of the 2005 Employees’, Directors’ and Consultants’ Share and Option Plan (“the 2005 ASX Plan”) set out in the Explanatory Memorandum accompanying the Notice of Meeting and the Company is hereby authorised to grant to employees, directors and consultants, from time to time, unlisted options or ordinary shares, as determined by the Board or board Committee of the Company, to issue up to an aggregate amount of 5,000,000 ordinary shares of the Company, pursuant to the 2005 ASX Plan.”
- 11. Non-Executive Directors’ Remuneration**

“That, the aggregate amount available per annum for the remuneration of Non-Executive Directors for their services (payable in cash, shares or options) be increased from \$150,000 up to a maximum of \$350,000 per annum.”
- 12. Approval of Grant of Unquoted Options to Dr. Ian Cooke**

“That subject to the approval of Resolutions 2.1, 10 & 11 respectively with or without amendment, the Company is hereby authorised to grant to Dr. Ian Cooke, or his nominee, unquoted options to purchase 500,000 ordinary shares of the Company, exercisable at 30 cents per share on or before 31 May 2008.”
- 13. Approval of Grant of Unquoted Options to Mr. George Weber**

“That subject to the approval of Resolutions 2.2, 10 & 11 respectively with or without amendment, the Company is hereby authorised to grant to Mr. George Weber, or his nominee, unquoted options to purchase 500,000 ordinary shares of the Company, exercisable at 30 cents per share on or before 31 May 2008.”

**GENERAL BUSINESS**

**14. General Business**

To transact any business which may be lawfully brought forward in accordance with the constitution.

**BY ORDER OF THE BOARD**



Phillip Hains

Company Secretary

18<sup>th</sup> March 2005

*The following Information for Shareholders and Notes set out below and the Explanatory Memorandum which accompanies this Notice of Meeting form part of the Notice of Meeting.*

## INFORMATION FOR SHAREHOLDERS

### Voting Exclusion Statement

In accordance with the ASX Listing Rules, Chapter 14, the Company will disregard votes cast:

- a) On resolution 3: Approval of previous issue of shares, by:
  - Participants in the issue; and
  - An associate of those persons.
- b) On resolutions 4 & 5: Approval of previous issue of quoted options, by:
  - A participant in the issue (Pembroke Investment Group); and
  - An associate of that person.
- c) On resolutions 6 & 7: Approval for issue of shares and grant of option, by:
  - A person who may participate in the proposed issue and a person who might obtain a benefit except a benefit solely in the capacity of a holder of ordinary securities if the resolution is passed (Macfarlane Burnet Institute for Medical Research & Public Health Limited); and
  - An associate of that person.
- d) On resolution 8: Approval for Placement, by:
  - A person who may participate in the respective proposed issue and a person who might obtain a benefit except a benefit solely in the capacity of a holder of ordinary shares, if the respective resolution is passed; and
  - An associate of that person (or those persons).
- e) On resolution 9: Participation by Directors and Associates or Approval of Grants of Options to Directors, by:
  - A Director of the Company; and
  - An associate of that person (or those persons).
- f) On resolution 11: Non Executive Remuneration Pool, by:
  - A Director of the Company; and
  - An associate of that person (or those persons).
- g) On resolution 12: Approval of Grant of Unlisted Options to Dr. Ian Cooke, by:
  - Dr. Ian Cooke; and
  - An associate of that person.
- h) On resolution 13: Approval of Grant of Unlisted Options to Mr. George Weber, by:
  - Mr. George Weber; and
  - An associate of that person.

However, the Company need not disregard a vote if:

- It is cast by a person as proxy for a person who is entitled to vote, in accordance with the directors on the proxy form; or
- It is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

**NOTES:**

1. **Explanatory Memorandum**

Further details of the resolutions in this Notice of Annual General Meeting are contained in the Explanatory Memorandum attached to and forming part of this Notice of Annual General Meeting. The Explanatory Memorandum should be read together with, and forms part of this Notice of Annual General Meeting.

2. **Record Date**

For the purposes of voting at this meeting, the Directors have determined that all shares of the Company that are quoted, or unquoted, securities at 11:00am AEST on Wednesday 20th of April 2005 are taken to be held by persons who are registered as holding them at that time. The entitlement to vote at the meeting will be determined by reference to that time.

3. **Proxies**

Shareholders unable to attend the meeting can complete the attached Proxy Form and return it to the Company or to the Company's Share Registry at the address or the facsimile numbers indicated in the Proxy Form no less than 48 hours before the time scheduled for the commencement of the meeting.

4. **Voting In Person**

Shareholders who plan to attend the meeting are asked to arrive at the venue 10 minutes prior to the time designated for the meeting, if possible, so that we may check the shareholding against the Share Register and note attendances.

5. **Corporate Representatives**

In order to vote in person at the meeting, a corporation that is a shareholder may appoint an individual to act as its representative. The appointment must comply with the requirements of Section 250D of the Corporations Act 2001. The representative should bring to the meeting evidence of their appointment, including any authority under which it is signed.

# SELECT VACCINES LIMITED

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## PROXY FORM

### Shareholder's Name

Please write your name(s) above

### Appointment of Proxy

I/We appoint as proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy or Chairman sees fit) at the Annual General Meeting (**Meeting**) of the Company to be held at Giorgio's Function Room, 1235 High Street, Armadale, Victoria, 3143 on Friday 22nd April 2005 at 11:00 am (and at any adjournment thereof).

If the Chairman of the Meeting is to be your proxy and you have not directed your proxy how to vote on the items below, please mark this box. By marking this box you acknowledge that the Chairman of the Meeting may exercise your proxy even if he has an interest in the outcome of any of these items and that votes cast by him, other than as proxy holder, would be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the Chairman of the Meeting will not cast your votes on these items and your votes will not be counted in computing the required majority if a poll is called on these items. The Chairman of the Meeting intends to vote undirected proxies he is entitled to cast in favour of these items.

Or  *the Chairman of the meeting*

Name of person you are appointing (if not the meeting Chairman)

	For	Against	Abstain
2.1 Election of Dr. Ian Cooke	<input type="text"/>	<input type="text"/>	<input type="text"/>
2.2 Election of Mr. George Weber	<input type="text"/>	<input type="text"/>	<input type="text"/>
2.3 Re-election of Mr. Jeremy Cooper	<input type="text"/>	<input type="text"/>	<input type="text"/>
3. Approval of previous issue of shares	<input type="text"/>	<input type="text"/>	<input type="text"/>
4. Approval of previous grant of quoted options	<input type="text"/>	<input type="text"/>	<input type="text"/>
5. Approval of previous grant of unquoted options	<input type="text"/>	<input type="text"/>	<input type="text"/>
6. Approval of issue of shares and grant of unquoted options to Macfarlane Burnet Institute	<input type="text"/>	<input type="text"/>	<input type="text"/>
7. Approval of grant of unquoted options to Macfarlane Burnet Institute	<input type="text"/>	<input type="text"/>	<input type="text"/>
8. Approval of Placement	<input type="text"/>	<input type="text"/>	<input type="text"/>
9. Participation by Directors and Associates	<input type="text"/>	<input type="text"/>	<input type="text"/>

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10. Adoption of 2005 Employees', Directors' and Consultants' Share and Option Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11. Non-Executive Directors' Remuneration	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12. Approval of Grant of Unquoted Options to Dr. Ian Cooke	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
13. Approval of Grant of Unquoted Options to Mr. George Weber	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

\* If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

**Appointing a Second Proxy**

Or  %  
The number of shares applicable to this proxy form      The percentage of your voting rights

**Contact Telephone Number**

Area Code      Telephone Number

**Signature(s)**

<input type="text"/> Shareholder 1	<input type="text"/> Shareholder 2	<input type="text"/> Shareholder 3
<input type="text"/> Director	<input type="text"/> Director/Secretary	<input type="text"/> Sole Director and Secretary
<input type="text"/> Company Seal (if required)		

Proxies may be lodged by fax on (03) 9824 8161, mail to or delivery to the office of the Company at Suite 2, 1233 High Street, Armadale, Victoria, 3143. To be valid, a proxy form must and any applicable power of attorney (if not previously noted by the Company) be received by the registered office of the Company not less than 48 hours before the time appointed for the General Meeting. For assistance in completing this form, please refer to the accompanying instructions.

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**INSTRUCTIONS FOR COMPLETION OF THE PROXY FORM**

**Shareholder's Name**

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This is the name of the shareholder as it appears on the Company's share register. For the purposes of this Meeting, shares will be taken to be held by those persons who are registered as holding them at 11:00am AEST on Wednesday 20<sup>th</sup> of April 2005.

**Appointment of Proxy**

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A shareholder entitled to attend and vote at the Meeting is entitled to appoint not more than two other persons (whether shareholders or not) as proxy or proxies to attend in the shareholder's place at the Meeting. The proxy has the same right as the shareholder to speak and vote at the Meeting. If you leave this section blank, the Chairman of the meeting will be your proxy to vote your shares even if you attend the meeting (unless you revoke your proxy before the meeting).

**Vote on Resolutions**

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You may direct your proxy how to vote by placing a mark in one of the boxes opposite the resolution/s you wish to direct your proxy to vote on. If you do so, all your shares will be voted in accordance with your direction. You can split your vote on any resolution/s by inserting the number/s of shares you wish to vote in the appropriate box/es. Please ensure you clearly mark the box in black or blue ink by placing a mark or the number of shares you are voting.

**Appointing a Second Proxy**

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If a shareholder appoints two proxies, unless each proxy is appointed to represent a specified proportion of the shareholder's voting rights, each proxy may exercise half the votes of the appointor.

**Contact Telephone**

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This will help us if there are any problems with your proxy form.

**Signature(s)**

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Each shareholder must sign this form. If your shares are held in joint names, all shareholders must sign in the boxes. If you are signing as an Attorney, then the Power of Attorney must have been noted by the Company or be duly stamped and accompany this form. Only duly authorised officer/s can sign on behalf of a company. Please sign in the boxes provided which state the office held by the signatory.

**SELECT VACCINES LIMITED**  
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**EXPLANATORY MEMORANDUM**

This Explanatory Memorandum has been prepared for the information of members of Select Vaccines Limited (the **Company**) in connection with the business to be conducted at the 2005 Annual General Meeting of members to be held at Giorgio's Function Room, 1235 High Street, Armadale, Victoria, 3143 on Friday 22nd of April 2005 at 11.00am.

*This Explanatory Memorandum should be read in conjunction with the accompanying Notice of General Meeting.*

**Resolution 2.1 – Re-election of Dr. Ian Cooke**

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Qualifications: BSc (Hons), MBA, PhD  
Non Executive Director appointed 11 May 2004

Dr. Cooke is the Associate Director (Research & Development) at the Macfarlane Burnet Institute for Medical Research and Public Health Limited, in Melbourne. He is responsible for the overall management of the Burnet Institute's major research activities, with a particular focus on the commercialisation of emerging technologies developed by the Institute's scientists. He has a substantial record in raising funds and building strategic relationships to support the Institute's research and commercialisation activities. Dr. Cooke also holds the position of Principal Analyst at Foursight Associates Pty Ltd, a Melbourne-based life sciences and technology consultancy, where he provides advice to several major private equity funds and other organisations and individuals regarding potential investments in the biotechnology arena.

Prior to joining the Burnet Institute in 1997, Dr. Cooke was Associate Professor of Biology at Deakin University, following postdoctoral research fellowships at Princeton University and AT&T Bell Laboratories in the USA and a Queen Elizabeth Research Fellowship at Monash University. He is currently undertaking a Master of Intellectual Property Law degree at the University of Melbourne.

Dr. Cooke is also a director of Human Genome Sciences Pacific Pty Ltd.

**Resolution 2.2 – Election of Mr George Weber**

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Qualifications: Associate of Arts Degree, University of Minnesota  
Non Executive Director appointed 11 May 2004

Mr. Weber has a strong background in the commercialisation of life sciences. Originally from the United States, Mr. Weber worked with Eli Lilly and Johnson & Johnson in a variety of sales and management functions that included responsibility for the marketing and sales of pharmaceutical, instrumentation, implant and diagnostic products. The latter included responsibility for Hepatitis C tests marketed by Ortho Diagnostics (a division of Johnson & Johnson) in conjunction with Chiron Inc.

Since the early 1990's Mr. Weber has run his own medical marketing consultancy. Clients have included ResMed Ltd, Polartechnics Ltd and Chiron Inc. In July 2003, Mr. Weber was appointed Managing Director of Chiron Vaccines Australia.

**Resolution 2.3 – Re-election of Mr Jeremy Cooper**

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Qualifications: BA, MBA  
Executive Director appointed 19 June 2003, appointed Chairman 19 May 2004

Mr Cooper has 16 years experience in management positions including senior roles with major international corporations, focusing on strategy, business development and mergers and acquisitions.

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Mr Cooper has been involved with a number of listed and unlisted Australian and New-Zealand public companies, with activities including strategy, capital restructuring, ASX listings and mergers & acquisitions.

Mr Cooper is currently a director of Premier Bionics Ltd, IM Medical Limited, Gaming & Entertainment Group Limited and Peregrine Corporate Limited. He is also a Board member of the CRC for Diagnostics.

### **Resolution 3 - Approval of previous issue of shares**

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At the 2004 Annual General Meeting held on 19 May 2004, shareholders approved a placement of up to 6,000,000 shares to raise up to \$1.8m. The placement was oversubscribed, and to accommodate this oversubscription, the Company issued an additional 568,828 shares on the 21<sup>st</sup> of May 2004, and an additional 390,167 shares on the 31<sup>st</sup> of May 2004. The oversubscribed shares were issued to institutions and eligible professional investors being the category of investors referred to in the Explanatory Memorandum which accompanies the notice of the 2004 Annual General Meeting (at which the placement of 6,000,000 shares was approved). The shares were ordinary shares in the capital of the Company, ranking *pari passu* in all respects with the existing listed ordinary shares of the Company. The shares were issued at an issue price of \$0.255. Funds raised by the placement were applied towards the Company's expanding infectious disease diagnostic product portfolio and its vaccine and anti viral programs. The oversubscription of 958,995 shares issued is submitted for shareholder approval.

The placement was undertaken pursuant to ASX Listing Rule 7.1, which provides that Directors have discretion to place up to 15% of a Company's issued capital in any 12 month period. Shareholders are being asked to ratify the placement, which will, if approved, refresh the Company's discretionary capacity to place securities. The Directors believe restoration of this capacity is desirable and in the best interests of the Company as it enables the Company to move quickly to secure necessary funding when appropriate. The shares issued under the recent placement rank *pari passu* in all respects with the existing listed fully paid ordinary shares of the Company.

### **Resolution 4 - Subsequent approval of issue of quoted options**

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On the 4<sup>th</sup> of August 2004, the Company entered into a consultancy agreement with Pembroke Investment Group (Pembroke) for the provision of a range of investor and corporate relations activities. The agreement included payment by the issue of 4 tranches of options to Pembroke, totalling 1,500,000 quoted options having an exercise price of \$0.20 and expiring on 31 May 2008 (SLTOA) and 1,750,000 unquoted options having an exercise price of \$0.30 and expiring on 30 April 2008 (SLTAO). The 1,750,000 unquoted SLTAO options are the subject of Resolution 4, described below.

On the 27<sup>th</sup> of August 2004, the Company allotted 1,000,000 listed options (SLTOA), and another 500,000 listed options (SLTOA) on the 29<sup>th</sup> of October 2004, in line with the consultancy agreement.

No cash was received from the issue of the options, as options were issued to satisfy the Company's obligations to pay fees to Pembroke. Funds raised by the exercise of the options will be applied to the Company's working capital requirements at the time of exercise. The shares to be issued upon exercise of the options rank *pari passu* in all respects with the existing listed ordinary shares of the Company.

The placement was undertaken pursuant to ASX Listing Rule 7.1, which provides that Directors have discretion to place up to 15% of a Company's issued capital in any 12 month period. Shareholders are being asked to ratify the placement, which will, if approved, refresh the Company's discretionary capacity to place securities. The Directors believe restoration of this capacity is desirable and in the best interests of the Company as it enables the Company to move quickly to secure necessary funding when appropriate.

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### **Resolution 5 – Approval of issue of unquoted options**

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As per the consultancy agreement mentioned above in respect of Resolution 4, 500,000 unquoted options (SLTAO) were allotted to Pembroke on the 5<sup>th</sup> of November 2004 and 1,250,000 unquoted options (SLTAO) were allotted on the 23<sup>rd</sup> of December 2004 to Pembroke, being the final tranche of payment regarding the consultancy agreement mentioned above.

No cash was received from the issue of the options, as options were issued to satisfy the Company's obligations to pay fees to Pembroke. Funds raised by the exercise of the options will be applied to the Company's working capital requirements at the time of exercise.

The placement was undertaken pursuant to ASX Listing Rule 7.1, which provides that Directors have discretion to place up to 15% of a Company's issued capital in any 12 month period. Shareholders are being asked to ratify the placement, which will, if approved, refresh the Company's discretionary capacity to place securities. The Directors believe restoration of this capacity is desirable and in the best interests of the Company as it enables the Company to move quickly to secure necessary funding when appropriate. The options issued under the recent placement rank *pari passu* in all respects with the existing listed ordinary shares of the Company, once exercised.

### **Resolution 6 – Approval of issue of shares and grant of unquoted options to Macfarlane Burnet Institute**

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As announced to the market on the 30<sup>th</sup> of November 2004, Select Vaccines has reached agreement with the Macfarlane Burnet Institute for Medical Research and Public Health Limited ("the Burnet") to acquire the Burnet's 35% interest in Select Vaccines two subsidiary companies, Hepgenics Pty Ltd and Picoral Pty Ltd. Select Vaccines currently owns the balance of 65% of each company.

Select Vaccines seeks shareholder approval to issue a total of 4,000,000 shares in the Company and 2,000,000 unquoted options to the Burnet, as per the terms of the acquisition agreement. These securities will be escrowed for 24 months from the date of issue. The exercise price of the options will be calculated as the 5 day Volume Weighted Average Price (VWAP) prior to the date of issue and will expire 48 months from the date of issue.

All of the options the subject of this Resolution will be issued subject to the terms set out in Annexure C. No cash will be received from the issue of the shares and options, as the shares and options will be issued as consideration for the acquisition of the balance of the issued shares of Hepgenics Pty Ltd and Picoral Pty Ltd. Funds raised by the exercise of the options will be applied to the Company's working capital requirements at the time of exercise. The shares to be issued upon exercise of the options rank *pari passu* in all respects with the existing listed ordinary shares of the Company.

The buy out arrangement will result in the cancellation of any future options that might have been granted by Select to the Burnet (under the terms of the Governing Deed), should Select choose to extend its Right of First Review over new Burnet technologies.

### **Resolution 7– Approval of grant of unquoted options to Macfarlane Burnet Institute**

On 30 November 2004, the Company announced that it had reached an agreement with the Burnet regarding funding for the on-going Research and Development programs of Hepgenics Pty Ltd and Picoral Pty Ltd. This agreement extends the Company's R&D contract with the Burnet through to the end of December 2005.

In addition to the cash facet of the agreement, Select is seeking shareholder approval to grant the Burnet up to 1,750,000 unlisted options as follows:

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Date of Grant	Amount	Escrow Period	Exercise Price	Expiration Date
Within 10 days of the 2005 AGM	1,000,000	Escrowed for 12 months from date of issue	Closing price on day of execution of the Deed with the Burnet	3 years from date of issue
*Within 7 days of the Technical Review Committee post 31 <sup>st</sup> of December 2005	500,000	Escrowed for 12 months from date of issue	Closing market price at December 31 2005, less 15%	3 years from date of issue
*Within 7 days of the Technical Review Committee post 31 <sup>st</sup> of December 2005	250,000	Escrowed for 18 months from date of issue	Closing market price at December 31 2005, less 15%	3 years from date of issue

\* The grant of these options is subject to the Technical Review Committee advising Hepgenics Pty Ltd and Picoral Pty Ltd that agreed key commercial milestones have been achieved. The 750,000 options will be apportioned in the following manner:-

- 537,750 will be issued to the Burnet only if it successfully completes **all** of the agreed key commercial milestones in relation to the research program it is to carry out for Hepgenics Pty Ltd;
- 212,250 will be issued to the Burnet only if it successfully completes **all** of the agreed key research milestones in relation to the research program it is to carry out for Picoral Pty Ltd.

A summary of the research programs that are to be undertaken by the Burnet on behalf of Hepgenics Pty Ltd and Picoral Pty Ltd together with a summary of the key commercial milestones that are to be achieved before the above 750,000 options are granted is set out in Annexure B hereto.

All of the options the subject of this Resolution will be issued subject to the terms set out in Annexure C. No cash will be received from the issue of the options, as the options will be issued as part of the consideration payable to the Burnet in respect of the Company's R&D contract for the on-going Research and Development programs of Hepgenics Pty Ltd and Picoral Pty Ltd. Funds raised by the exercise of the options will be applied to the Company's working capital requirements at the time of exercise. The shares to be issued upon exercise of the options rank pari passu in all respects with the existing listed ordinary shares of the Company.

### **Resolution 8- Approval of Placement**

The Company is seeking approval for the placement to institutions and eligible professional investors of up to 8,333,333 new shares at a subscription price of \$0.42 per share. The placement will raise up to \$3,500,000 (before costs). The placement will be made to sophisticated investors who are clients of Burdet Buckeridge Young Limited and Peregrine Corporate Limited.

Pursuant to Chapter 7 of the ASX Listing Rules a company may, within a 12 month period, allot up to 15% of its issued capital (whether by way of shares or options) without the need to seek shareholder approval. The allotment of 8,333,333 shares when aggregated together represents approximately 24% of

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Select Vaccine's existing issued capital and therefore the Company requires shareholder approval for this placement to proceed.

As at 31 December 2004 the Company had cash reserves and cash equivalents of approximately \$1,300,000 and seeks to undertake this placement to fund continuing and expanded research and development of its key technology projects through its subsidiaries Hepgenics Pty Ltd and Piccoral Pty Ltd.

The Company has elected to proceed by way of private placement to institutional and professional investors for the following reasons:

- a) Company wishes to extend the scope of its existing technology projects to take advantage of the advances achieved to date. The additional funds being sought will enable the Company to achieve this objective;
- b) The Company believes it is appropriate to seek representation of institutions on its share register as such representation is generally viewed favourably by market participants;
- c) Expediting fundraising is also considered important. A placement to professional investors and institutions undertaken in accordance with Section 708 of the Corporations Act does not require the lodgement of a prospectus, saving time and associated costs, and can be undertaken more quickly than an entitlement issue which is required to follow a prescribed timetable;
- d) There is an inherent risk associated with entitlement issues in that the outcome is unknown until the issue is completed and, unless fully underwritten, a company may not be successful in raising required funds. Obtaining underwriter support for an entitlement issue is considered too costly and time consuming.

The shares to be allotted under the placement will rank *pari passu* in all respects with the Company's other issued fully paid shares. The Company will apply for Official Quotation on ASX of the new shares. Subject to obtaining shareholder approval the securities will be issued within 3 months of the date of the meeting.

### **Resolution 9- Participation by Directors and Associates**

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The Directors of Select Vaccines Ltd and their associates are seeking approval of shareholders to participate in the issue of up to 12 million shares. Pursuant to the ASX Listing Rules directors of a company are precluded from participating in any placement of securities in a company without the prior approval of shareholders. It is the intention of Directors and their associates to subscribe for new Shares up to a value of \$150,000, which would represent approximately 4.3% of the proposed placement. Subject to shareholders approving participation, it is the intention of Directors and their associates to subscribe for shares at the same price as they are offered to other subscribers under Resolution 8 (i.e. 42cents per share) on the following basis:

Dr. Ian Cooke and/or associates	up to \$20,000
Mr. Jeremy Cooper and/or associates	up to \$45,000
Mr. Peter Marks and/or associates	up to \$45,000
Dr. Martin Soust and/or associates	up to \$20,000
Mr. George Weber and/or associates	up to \$20,000

The Shares to be allotted will rank *pari passu* in all respects with the shares to be allotted pursuant to Resolution 9 above. Subject to receiving shareholder approval, the securities will be issued progressively

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as applications are received and in any event within 1 month of the date of the meeting. The use of funds raised by the issue will be the same as set out above in respect of Resolution 9.

The approval of resolution 9 is required under ASX Listing Rule 10.11 and as a consequence approval under Listing Rule 7.1 will not be required.

### **Resolution 10– Adoption of 2005 Employees’, Directors’ and Consultants’ Share and Options Plan**

The Company is seeking shareholder approval to adopt the Company’s 2005 Employees’, Directors’ & Consultants’ Share & Option Plan, (the “2005 ASX Plan”), a copy of which is attached hereto as Annexure A and the terms of which are incorporated by reference into this Explanatory Memorandum. The adoption of the Plan was approved by the Company’s Board of Directors, including all of the non-employee directors. Under the Plan, the Company will be entitled to grant to its employees and consultants, from time to time, up to 5,000,000 ordinary shares of the Company (which constitute approximately 14% of the issued share capital of the Company as of the date of this Explanatory Memorandum), either by the issuance of ordinary shares or under options to purchase ordinary shares granted under the Plan. Options granted under the Plan will be unlisted and exercisable at a value less than market value of an ordinary share on the ASX at the date of issue and/or a value that a Board Committee determines to be appropriate under the circumstances. Market value will be determined by reference to the volume weighted average market price of the Company’s ordinary shares during the five trading days on the ASX up to and including the date of grant of the options or such other date or period as a Board Committee shall consider appropriate. The period for which the Option is granted shall be determined by the Board Committee and set forth in the Offer Document; provided, however, that no Option shall be exercisable after the expiration of ten years from the date of its grant. The ordinary shares and options will be issued and granted under the 2005 ASX Plan at the discretion of the Company’s Board of Directors from time to time and will be subject to performance criteria, hurdles and escrow periods, dependant on the recipient and his or her position.

The Board of Directors of the Company believes that the adoption of the Plan is necessary for the Company in order to:

- a) provide eligible persons with an additional incentive to work to improve the performance of the Company;
- b) attract and retain eligible persons essential for the continued growth and development of the Company;
- c) promote and foster loyalty and support amongst eligible persons for the benefit of the Company;
- d) enhance the relationship between the Company and eligible persons for the long term mutual benefit of all parties; and
- e) provide an alternative to cash payments.

Shares and Options granted under the 2005 ASX Plan are exercisable at such price and will have such terms and other conditions as are provided for in the 2005 ASX Plan, subject to satisfying Listing Rule 7.2, exception 9. Any issue of security to Directors will be subject to separate shareholder approval under ASX Listing Rules. No cash will be received from the issue of the shares and options. Funds raised by the exercise of the options will be applied to the Company’s working capital requirements at the time of exercise. The shares to be issued under the 2005 ASX Plan, and shares to be issued upon exercise of options issued under the 2005 ASX Plan will rank *pari passu* in all respects with the existing listed ordinary shares of the Company.

Approval is being sought under ASX Listing Rule 7.2 exception 9 so that an issue under the Plan will be an exception to Listing Rule 7.1.

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### **Resolution 11– Non-Executive Directors' Remuneration**

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The Company is seeking approval to increase the aggregate amount per annum for the remuneration of non-executive directors for their services (payable in cash, ordinary shares or options) by \$200,000 from \$150,000 to \$350,000, for the following reasons:

- a) New international accounting standards (IFRS) require disclosing entities to expense equity based payments in their accounts. The Company therefore seeks shareholder approval to increase the non-executive director remuneration pool to encompass this requirement.
- b) To enable the Company during the next year to maintain a level of remuneration of its non-executive directors that is competitive and in line with international market conditions and industry standards. This will ensure that the Company continues to be able to attract, retain and reward high calibre non-executive directors. It will also give the Company's Board of Directors, if considered desirable, the flexibility to introduce an additional director. Under the current non-executive remuneration limit, the Board of Directors does not have the ability to consider such steps.

### **Resolution 12– Approval of Grant of Unquoted Options to Dr. Ian Cooke**

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Subject to the approval of Resolution 2.1 with or without amendment and the approval of Resolution 10 with or without amendment, the Company is seeking shareholder approval to grant Dr. Ian Cooke, or his nominee, unquoted options to purchase 500,000 shares of the Company, exercisable at \$0.30 per share. Such options will be exercisable on or before 31 May 2008. The options will be granted to Dr. Cooke under the 2005 ASX Plan within one month from the date of the meeting as per his employment agreement with the Company.

No cash will be received from the issue of the options. Funds raised by the exercise of the options will be applied to the Company's working capital requirements at the time of exercise. The shares to be issued upon exercise of options issued under the 2005 ASX Plan will rank pari passu in all respects with the existing listed ordinary shares of the Company.

### **Resolution 13– Approval of Grant of Unquoted Options to Mr. George Weber**

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Subject to the approval of Resolution 2.2 with or without amendment and the approval of Resolution 10 with or without amendment, the Company is seeking shareholder approval to grant Mr. George Weber, or his nominee, unquoted options to purchase 500,000 shares of the Company, exercisable at \$0.30 per share. Such options will be exercisable on or before 31 May 2008. The options will be granted to Mr. Weber under the 2005 ASX Plan within one month from the date of the meeting as per his employment agreement with the Company.

No cash will be received from the issue of the options. Funds raised by the exercise of the options will be applied to the Company's working capital requirements at the time of exercise. The shares to be issued upon exercise of options issued under the 2005 ASX Plan will rank pari passu in all respects with the existing listed ordinary shares of the Company.

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### **Additional information in respect of proposed issues to Directors under the 2005 ASX Plan**

The total number of securities which may be acquired by persons for whom approval is required is 1,000,000 options.

The above approvals are sought for the first issues under the 2005 ASX Plan. No securities have been issued or received under the 2005 ASX Plan.

No consideration is payable for the issue of the options. No loan is being made in respect of the options nor their exercise.

Persons entitled to participate in the 2005 ASX Plan who are Directors of the Company or their associates are Mr. Jeremy Cooper, Mr. Peter Marks, Dr. Martin Soust, Dr. Ian Cooke and Mr. George Weber and their respective eligible nominees.

### **Directors' recommendations**

All Directors were available to consider the proposed resolutions. As Dr. Cooke is an Associate Director of the Macfarlane Burnet Institute of Medical Research and Public Health Limited, which will receive a benefit if resolutions 6 & 7 are passed, he has elected not to make a recommendation to shareholders in respect of that resolution. As Dr. Cooke will receive a benefit if resolutions 11 & 12 are passed, he has elected not to make a recommendation to shareholders in respect of that resolution. As Mr. Weber will receive a benefit if resolutions 11 & 13 are passed, he has elected not to make a recommendation to shareholders in respect of those resolutions. Each of the Directors recommends shareholders vote in favour of 2.1, 2.2, 2.3, 3, 4, 5, 6, 7, 8 and 10.

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## ANNEXURE A

### 2005 EMPLOYEES', DIRECTORS' AND CONSULTANTS' SHARE AND OPTION PLAN

#### 1. PURPOSE

The Board of Directors of the Company proposes to introduce an employee, director and consultants share and option plan, to be called the Select Vaccines Limited 2005 Employees', Directors' and Consultants' Share and Option Plan ("2005 ASX Plan") for the purpose of:

- (a) providing Eligible Persons with an additional incentive to work to improve the performance of the Company;
- (b) attracting and retaining Eligible Persons essential for the continued growth and development of the Company;
- (c) to promote and foster loyalty and support amongst Eligible Persons for the benefit of the Company; and
- (d) to enhance the relationship between the Company and Eligible Persons for the long term mutual benefit of all parties.

#### 2. COMMENCEMENT

Subject to the adoption of the 2005 ASX Plan by the shareholders of the Company at the 2005 Annual General Meeting of the Company and to due compliance with the Corporations Act 2001, the 2005 ASX Plan shall take effect as of the date of the 2005 Annual General Meeting of the Company.

#### 3. DEFINITIONS

In these Rules, unless the context otherwise requires:

"**Subsidiary**" means such term as defined in the Australian Corporations Act 2001;

"**ASX**" means Australian Stock Exchange Limited;

"**Company**" means Select Vaccines Limited ACN 062 063 692;

"**Board of Directors**" means the Board of Directors of the Company from time to time acting by resolution made in accordance with the Corporations Act 2001 and the Constitution of the Company;

"**Director**" means a director from time to time of the Company;

"**Eligible Person**" means a person who is:

- (i) an employee of; or
- (ii) a director of; or
- (iii) a consultant to,

the Company or any Subsidiary;

"**Listing Rules**" means the Listing Rules from time to time of the ASX;

"**Option**" means an option to purchase Shares;

"**Rules**" means the rules of the 2005 ASX Plan, as amended from time to time;

"**Share**" means an ordinary fully paid share ranking pari passu in the capital of the Company; and

"**Unexercised Options**" means Options granted under the 2005 ASX Plan from time to time which have not been exercised or expired in accordance with their terms and the terms of the 2005 ASX Plan.

#### 4. MAXIMUM AGGREGATE NUMBER OF SHARES ISSUABLE UNDER THE 2005 ASX PLAN

The aggregate number of Shares issuable under the 2005 ASX Plan, either by the issuance of Shares or under Options granted under the 2005 ASX Plan, shall not exceed 5,000,000 ordinary shares.

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### 5. ADMINISTRATION OF THE 2005 ASX PLAN

The 2005 ASX Plan shall be administered by a committee (the "Committee") comprised of members of the Board of Directors of the Company, selected by the Board of Directors. The majority of members shall be non-executive directors.

The Committee is authorised, subject to the provisions of the 2005 ASX Plan, to establish such rules and regulations as it may deem appropriate for the conduct of meetings and proper administration of the 2005 ASX Plan. All actions of the Committee shall be taken by majority vote of its members, except that the members thereof may authorise any one or more of them or any officer of the Company to execute and deliver documents on behalf of the Committee. Subject to the provisions of the 2005 ASX Plan, the Committee shall have authority, in its sole discretion, to issue securities under the 2005 ASX Plan, to interpret the provisions of the 2005 ASX Plan and to prescribe, amend, and rescind rules and regulations relating to the 2005 ASX Plan or any issue thereunder as it may deem necessary or advisable. All decisions made by the Committee pursuant to the provisions of the 2005 ASX Plan shall be final, conclusive and binding on all persons. No member of the Committee shall be liable for anything done or omitted to be done by him or by any other member of the Committee in connection with the 2005 ASX Plan, except for his own willful misconduct or as expressly provided by law.

### 6. APPLICATION

All Options or Shares offered to an eligible person pursuant to the 2005 ASX Plan shall be evidenced in writing by a Share or Option offer document ("Offer Document"). The Offer Document shall contain such terms and conditions as the Committee shall determine, which are not inconsistent with the provisions of the 2005 ASX Plan, including the following:

a) QUANTITY

The quantity of Shares to be issued or Options to be granted under the Offer Document.

b) EXERCISE PRICE OF OPTIONS

The exercise price of an Option issued under the 2005 ASX Plan will be equal to less than market value of an ordinary share on the ASX at the date of grant or such other exercise price that the Committee determines to be appropriate under the circumstances.

Market value will be determined by reference to the volume weighted average market price of the Company's ordinary share during the five trading days on the ASX up to and including the date of grant of the options or such other date or period as the Committee shall consider appropriate.

c) OPTION TERMS

The term of an Option shall be determined by the Committee and set forth in the Offer Document; provided, however, that no Option shall be exercisable after the expiration of ten years from the date of its grant.

d) ESCROW TERM: VESTING PERIOD

Except as otherwise provided in the 2005 ASX Plan or determined by the Committee and set forth in an Offer Document, the issuance of Shares and exercise of Options shall be subject to either an escrow or vesting schedule, as the Committee shall determine and set forth in the Offer Document, in accordance with the following terms and conditions:

- (i) *Escrow Term.* In the event that the Committee shall determine that the issuance of Shares and exercise of Options shall be subject to an escrow, Shares issued or Options granted under the 2005 ASX Plan cannot be disposed of or exercised, respectively, within six months from the date of issue or grant (or 12 months if issued or granted to a Director). Shares issued or Options granted under the 2005 ASX Plan may be disposed of or exercised at any time from six months after the date of issuance or grant, respectively (or 12 months if issued or granted to a Director), subject to any other terms of the issuance or grant.

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- (ii) *Vesting Period.* In the event that the Committee shall determine that the issuance of Shares and exercise of Options shall be subject to a vesting schedule, the issuance of Shares and exercise of Options shall become vested and issued or exercisable in accordance with the following vesting schedule:

less than one year after date of issuance or grant . . . . .	0% of the total number granted
one year after date of issuance or grant. . . . .	25% of the total number granted
two years after date of issuance or grant. . . . .	50% of the total number granted
three years after date of issuance or grant . . . . .	75% of the total number granted
four years after date of issuance or grant . . . . .	100% of the total number granted

Shares and options shall automatically cease to vest in accordance with the above schedule and, except as provided in Sections 10, 13, 14 and 15, shall become null and void upon the termination of employment for any reason.

e) TIME AND MANNER OF PAYMENT OF EXERCISE OF OPTIONS

Each Offer Document shall provide that Options granted under the 2005 ASX Plan shall be exercised by the Eligible Person (or nominee) as to all or any portion of the Shares covered thereby, by the giving of written notice of exercise to the Company, specifying the number of Options to be exercised. Full payment of such exercise price shall be made within ten business days following the receipt of such notice by the Company and shall be made (i) in cash or bank cheque, or (ii) in any other manner permitted in the discretion of the Committee. Such notice of exercise and full payment, shall be delivered to the Company at its principal business office or such other office as the Committee may direct, and shall be in such form, containing such further provisions consistent with the provisions of the 2005 ASX Plan, as the Committee may prescribe. The Company shall issue or cause to be issued to the Eligible Person ordinary shares of the Company as soon as practicable after an Option is exercised, and, within a reasonable time thereafter, such issuance shall be evidenced on the books of the Company. No person exercising an Option shall have any of the rights of a holder of an ordinary share prior to the date that such ordinary shares are issued following the exercise of such Option. No adjustment shall be made for cash dividends or other rights for which the record date is prior to the date of such issuance.

7. **CANCELLATION OF OFFER**

The Board of Directors retains the right to withdraw an Offer Document at any time prior to receiving an acceptance from the Eligible Person to whom the offer was made, or that Eligible Person's nominee.

8. **ACCEPTANCE**

- (a) The Company shall be obliged to accept any acceptance application made pursuant to Rule 6, provided that the application accords, in all respects, with these Rules and is for such number of Shares or Options, or part thereof, to which the Eligible Person is entitled. Upon acceptance of a duly complying application, the Company, within ten business days, shall deliver a Option Certificate or confirmation of Share issue in respect of the Shares or Options granted to the Eligible Person.
- (b) Each Eligible Person (and, if applicable, his or her nominee) will be taken to agree to be bound by these Rules upon the acceptance of the offer from the Committee to take up Shares or Options under this 2005 ASX Plan.

9. **OTHER CONDITIONS**

- (a) The Offer Document may contain any other terms and conditions that the Committee, in its sole discretion, deems appropriate; provided however that such terms or condition shall not be inconsistent with the terms of the 2005 ASX Plan, Corporations Act 2001 or ASX Listing Rules.
- (b) Subject to the terms and conditions set forth in the rules of the 2005 ASX Plan, Shares and Options may be assigned at the discretion of the Committee. The instrument of assignment shall be duly executed and shall be lodged at the

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registered office of the Company together with such other information as the Company may reasonably require with respect to the assignment, and the Company shall enter the name of the assignee in a register of Shares or Options as the holder of the relevant Shares or Options. The Company shall not be bound to recognise the assignment until a copy of the duly executed instrument of assignment is lodged with the Company.

- (c) Options shall not be listed for official quotation on the ASX.
- (d) Shares issued under the 2005 ASX Plan shall be listed for official quotation on the ASX. The Company shall, in accordance with the Listing Rules, apply to have Shares issued pursuant to an exercise of Options listed for official quotation by the ASX.
- (e) Options cannot be granted to Directors or their associates unless prior approval of the Company's shareholders is obtained in accordance with the Listing Rules.
- (f) The Options will not give any right to participate in dividends until Shares are issued pursuant to the exercise of the relevant Options.
- (g) In the event of the proposed dissolution or liquidation of the Company, all outstanding Options will terminate immediately prior to the consummation of such proposed action, unless otherwise provided by the Board of Directors. The Board of Directors may, in the exercise of its sole discretion in such instances, declare that any Option shall terminate as of a date fixed by the Board and give each Eligible Person the right to exercise his or her Options as to all or any part of the Optioned Shares, including Shares as to which the Option would not otherwise be exercisable.
- (h) In the event of a proposed sale or conveyance of all or substantially all of the assets of the Company, or the merger or consolidation of the Company with or into another corporation, each outstanding Option shall be assumed or an equivalent option shall be substituted by the successor corporation or a parent or subsidiary of the successor corporation. In the event that such successor corporation refuses to assume such Option or to substitute an equivalent option, such Option may, at the discretion of the Committee, accelerate in full upon the consummation of the merger or sale of assets.
- (i) The Committee shall have the power and right, but not obligation, to accelerate the exercisability of any Options, notwithstanding any limitations in this 2005 ASX Plan, upon a Change in Control (as defined herein below). In the event of a Change in Control of the Company, whether by tender offer for more than 50% of the outstanding voting shares, proxy contest for the election of members of the Board of Directors or other means, which lacks the approval of the Board (a "Hostile Change in Control"), each outstanding Option under this 2005 ASX Plan shall automatically accelerate in full and unvested Shares shall vest in full immediately. For purposes of the 2005 ASX Plan, a "Change in Control" shall be deemed to have occurred if any person, or any two or more persons acting as a group, and all affiliates of such person or persons, who prior to such time owned less than fifty percent (50%) of the then outstanding ordinary shares of the Company, shall acquire such additional shares of the Company's ordinary shares in one or more transactions, or series of transactions, such that following such transaction or transactions, such person or group and affiliates beneficially own more than fifty percent (50%) of the Company's outstanding ordinary shares.
- (j) In the event that all or substantially all of the issued and outstanding capital of the Company is to be sold (the "Sale"), each Eligible Person shall be obligated to participate in such Sale and sell his or her Shares and/or Options in the Company, provided, however, that each such Share or Option shall be sold at a price equal to that of any other Share sold under the Sale (minus the applicable exercise price), and subject to the absolute discretion of the Board of Directors.

### 10. RIGHTS OF EMPLOYEES

The 2005 ASX Plan shall not form part of any contract of employment between the Company and any of its employees and shall not confer, directly or indirectly, on any employee any legal or equitable rights whatsoever against the Company. Without limiting the generality of the following, nothing in these Rules:

- (a) confers on any Eligible Person the right to receive any Shares and Options;
- (b) confers on any person the right to continue as an employee;
- (c) affects any rights which the Company may have to terminate the employment of any employee; or
- (d) may be used to increase damages in any action brought against the Company in respect of such termination.

### 11. TERMINATION OF EMPLOYMENT

(a) Except as otherwise determined by the Committee or provided in an Offer Document, in the event of the termination of employment or service of an Eligible Person with the Company and its Subsidiaries for any reason (other than termination for cause, death, disability or Change of Control of the Company as provided in these Rules), Options granted to him that have not previously expired or been exercised shall, to the extent vested on the date of such termination, be exercisable by

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the Eligible Person within 30 days after the date of such termination, unless such Option is earlier terminated pursuant to its terms. All Options that are not exercisable as of the date of such termination or which are not exercised within 30 days thereafter, shall be deemed cancelled and terminated as of such date.

(b) Except as otherwise determined by the Committee or provided in an Offer Document, in the event an Eligible Person retires from employment or service with the Company and its Subsidiaries, Options granted to them shall become 100% vested as of the effective date of the Eligible Person's retirement. Whether an Eligible Person has terminated employment on account of retirement shall be determined by the Committee in its sole discretion.

(c) Except as otherwise determined by the Committee or provided in an Offer Document, in the event that an Eligible Person's employment or service is terminated by the Company or any of its Subsidiaries for "cause," all Options, whether or not exercisable as of the date of such termination, shall be cancelled and terminated as of such date. For these purposes, termination for "cause" shall mean the following: the Eligible Person's violation of copyright, trademark and/or patent protection maintained by the Company or a Subsidiary; the Eligible Person engaging or assisting in any business in competition with the Company or a Subsidiary as employee, owner, partner, director, officer, stockholder, consultant or agent (ownership of minority interests in publicly-traded corporations, partnerships or companies or of 5% or less of the equity of privately-held corporations, partnerships or companies shall not be considered competition for purposes of this 2005 ASX Plan); the Eligible Person's dishonesty, or acting in any manner inconsistent with the utmost good faith and loyalty in the performance of the Eligible Person's duties; conviction of the Eligible Person by a court of law of competent jurisdiction for fraud, misappropriation, embezzlement, or any felony; failure of the Eligible Person to perform his duties to the reasonable satisfaction of the Company or its Subsidiaries.

### 12. DEATH

Except as otherwise determined by the Committee or provided in an Offer Document, in the event an Eligible Person dies while employed by or providing service to the Company or any of its Subsidiaries, all unvested Options shall become 100% vested and any Option granted to him that has not previously expired or been exercised shall be exercisable by the estate of such Eligible Person or by any person who acquired such Option by bequest or inheritance, at any time within one year after the date of death of the Eligible Person, unless such Option is earlier terminated pursuant to its terms. All Options not exercised within such one year period shall be deemed cancelled and terminated on the first anniversary of the Eligible Person's death.

### 13. DISABILITY

Except as otherwise determined by the Committee or provided in an Offer Document, in the event of the termination of employment of an Eligible Person due to total disability, the Eligible Person or his guardian or legal representative, shall have the right to exercise any Option which has not been previously exercised or expired and which the Eligible Person was eligible to exercise as of the first date of total disability, at any time within one year after such termination, unless such Option is earlier terminated pursuant to its terms. All Options that are not exercisable as of the date of the Eligible Person's termination or which are not exercised within one year thereafter shall be deemed cancelled and terminated as of such applicable date.

Subject to compliance with the Listing Rules (particularly but not only Listing Rule 6.23), the Committee may, in its discretion, extend the time periods in, or waive the application of any provision of Rules 11, 12 or 13.

### 14. ADJUSTMENTS

Except in the case of a Change of Control of the Company as provided in Section 9, in the event that the Committee shall determine that any dividend or other distribution (whether in the form of cash, shares, other securities, or other property), recapitalisation, share split, reverse share split, reorganisation, merger, consolidation, split-up, spin-off, combination, repurchase, or exchange of shares or other securities, the issuance of option or other rights to purchase shares or other securities, or other similar corporate transaction or event affects the shares with respect to which Options have been or may be issued under the 2005 ASX Plan, such that an adjustment is determined by the Committee to be appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the 2005 ASX Plan, then the Committee shall, in such manner as the Committee may deem equitable, adjust any or all of (i) the number and type of shares that thereafter may be made the subject of Options, (ii) the number and type of shares subject to outstanding Options, and (iii) the exercise price with respect to any Option, or, if deemed appropriate, make provision for a cash payment to the holder of any outstanding Option; provided, however, that the number of shares subject to any Option denominated in shares shall always be a whole number.

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### 15. RIGHT OF DISCHARGE RESERVED

Nothing in the 2005 ASX Plan nor the issuance Shares nor the grant of Options hereunder shall confer upon any employee, officer, director, consultant, independent contractor or other individual the right to continue in the employment of or service with the Company or any of its Subsidiaries or affect any right that the Company or any Subsidiary may have to terminate the employment or service of (or to demote or to exclude from future Options under the 2005 ASX Plan) any such employee, officer, director, consultant, independent contractor or other individual at any time for any reason. Except as specifically provided by the Committee, the Company shall not be liable for the loss of existing or potential profit from an issuance or grant of securities in the event of termination of an employment or service or other relationship even if the termination is in violation of an obligation of the Company or any Subsidiary of the Company to the employee, officer, director, consultant or independent contractor.

### 16. SEVERABILITY

If any provision of the 2005 ASX Plan shall be held unlawful or otherwise invalid or unenforceable in whole or in part, such unlawfulness, invalidity or unenforceability shall not affect any other provision of the 2005 ASX Plan or part thereof, each of which remain in full force and effect. If the making of any payment or the provision of any other benefit required under the 2005 ASX Plan shall be held unlawful or otherwise invalid or unenforceable, such unlawfulness, invalidity or unenforceability shall not prevent any other payment or benefit from being made or provided under the 2005 ASX Plan, to the extent that it would not be unlawful, invalid or unenforceable, and the maximum payment or benefit that would not be unlawful, invalid or unenforceable shall be made or provided under the 2005 ASX Plan.

### 17. AMENDMENT AND TERMINATION OF THE 2005 ASX PLAN

The Board of Directors may, from time to time, alter, amend, suspend or terminate the 2005 ASX Plan with respect to Shares or Options that have not been granted, subject to any requirement for shareholder approval imposed by applicable law or any rule of any stock exchange or quotation system on which shares are listed or quoted; provided, however, that the Board of Directors may not amend the 2005 ASX Plan in any manner that would result in non-compliance with any applicable law. Neither the Board of Directors nor the Committee may, without the consent of the Eligible Person, alter or in any way impair the rights of such Eligible Person under any issue previously granted. Neither the termination of the 2005 ASX Plan nor the Change of Control of the Company shall affect any Option previously granted.

If the approval of the 2005 ASX Plan by the shareholders is not obtained, the 2005 ASX Plan shall be null and void and each issue of Shares or Options hereunder shall be null and void.

### 18. GENDER AND NUMBER

Any reference to masculine terminology used in this 2005 ASX Plan document shall also include the feminine, and the definition of any term herein in the singular shall also include the plural except when otherwise indicated by the context.

### 19. GOVERNING LAW

The 2005 ASX Plan and all determinations made and actions taken hereunder, are governed by Australian Corporations Act 2001, ASX Listing Rules and any other Federal or State laws of Australia.

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## ANNEXURE B

### SUMMARY OF RESEARCH PROGRAMS

The following summarises the nature and objectives of the research programs that are being conducted by the Burnet Institute ("Burnet") on behalf of both Hepgenics Pty Ltd and Picoral Pty Ltd together with summaries of key commercial milestones that must be delivered before Burnet becomes entitled to receive the 750,000 achievement-based options that are the subject of Resolution 7. Technical details have been omitted from the summaries in order to simplify the descriptions accordingly, the summaries may not precisely reflect the research programs and/or the key commercial milestones. Full technical details of the research programs and research milestones (including key commercial milestones) are set out in the Research Agreements entered into with the Burnet.

#### RESEARCH PROGRAM - HEPGENICS PTY LTD

##### *a) Diagnostics for Hepatitis E Virus (HEV), Hepatitis A Virus (HAV) and Hepatitis C Virus (HCV)*

Hepgenics is using its proprietary technology platform to develop rapid, point-of-care tests to detect active (acute) infection by HEV, HAV and HCV. Additional technology has been developed to detect past infection, or immunity to HAV for use in pre-vaccination screening. Currently, virtually all diagnostic testing for hepatitis viruses necessitates undertaking a laboratory based test procedure. The purpose of Hepgenics rapid assay technology is to take the testing to the point of care (e.g. doctor's surgery, health care centres). In contrast to standard laboratory based tests, Hepgenics' point of care rapid technology is inexpensive, does not require sophisticated laboratories, provides a result within minutes and only requires a "finger prick" blood sample rather than a venous one, therefore not relying on skilled health professionals for sampling or testing.

##### Hepatitis E Diagnostic

Following from the Company's successful licensing of diagnostic Rapid and laboratory based (ELISA) assays for the detection of active Hepatitis E infection to Genelabs Diagnostics Pte Ltd, there has been significant commercial interest in the development of a laboratory based Hepatitis E assay for the detection of past infection and immunity to the disease. This test would be an important adjunct to a Hepatitis E vaccine which is close to release on the market. Currently, no such test exists.

##### *Key Commercial Milestone to be Delivered by Burnet*

- Conclusion of the program aiming to develop a prototype laboratory based (ELISA) assay with high levels of sensitivity and specificity for the detection of past infection with Hepatitis E.

##### Hepatitis A Diagnostic

Hepgenics has developed a highly accurate point of care diagnostic test for detecting active infection with Hepatitis A. Prototype kits of these tests have been provided for evaluation to several companies who have expressed interest in licensing the technology. The results of the evaluations were extremely positive and confirmed Hepgenics' internal results.

In addition to the test for detecting active infection by Hepatitis A, Hepgenics has also established proof of principle for a point of care test which detects previous infection, and therefore immunity to Hepatitis A. This test would be used as a pre-vaccination screening test and is likely to be marketed together with the test for active infection.

Hepgenics aims to be in a position to negotiate a license agreement for Rapid assay for detection of active infection with Hepatitis A.

##### Hepatitis C Diagnostic

Hepgenics is developing a rapid point of care diagnostic test for acute Hepatitis C with assistance from a major US biotechnology company. The US Company has provided Hepgenics with key components of the test. Hepgenics has been applying these in its proprietary technology platform to develop a new point of care test.

##### *Key Commercial Milestone to be Delivered by Burnet*

- Conclusion of the program aiming to develop prototype laboratory based (ELISA) assay and prototype Rapid assays with high levels of sensitivity and specificity for the detection of active infection with Hepatitis C (Hepatitis C IgM).

##### **b) Virus-Like Particles (VLPs) as platform technology for vaccines**

This programme is based on technology that shows that certain virus-like particles can be used to develop a particularly robust platform for carrying a range of disease antigens for use in developing a wide range of vaccines such as Hepatitis C, malaria and measles, amongst others. The benefit of using virus-like particles is that they stimulate greater biological response from the subject's immune system than normal proteins. Once proof-of-concept animal studies are completed, Hepgenics will seek to license the technology to vaccine manufacturers who may have good antigens but either lack the ability to present an antigen in a manner that elicits an immune response or who are interested in improving the method of delivering the antigen to the subject.

## SELECT VACCINES LIMITED

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### *Key Commercial Milestone to be Delivered by Burnet*

- Conclusion of animal studies aiming to show that the VLP carrying an antigen as proof of concept (eg Hepatitis C or malaria or measles) elicits an immune response demonstrating that this VLP will be an effective novel vaccine delivery system

### **c) A platform technology for enhanced diagnostic assays through the development of novel adhesive peptides**

In a certain range of diagnostic tests and assays used today, problems can be experienced because the proteins of interest may not effectively adhere to the testing surface. Hepgenics' adhesive peptide technology enables a diagnostic protein of interest to be either chemically synthesized or genetically engineered to fuse with the adhesive peptide, which in turn adheres on to the surface of the kit. This would mean that the test would be more efficient and reliable than current methods. There are tens of millions of these tests performed every year which provides an opportunity for a low margin, high volume potential royalty stream for Hepgenics.

We have entered into an R&D collaboration with the Co-operative Research Centre (CRC) for Diagnostics to examine the combination of the CRC's synthetic antigens for Epstein Barr Virus (EBV), the causative agent of Glandular Fever, with Hepgenics' adhesive peptide technology. The aim of this collaboration is twofold. Firstly, it will seek to develop EBV peptides to adhere more effectively than is presently possible to substrates, such as plastic, that are routinely used in diagnostic plates. The ability to significantly enhance the binding of EBV peptides to these solid surfaces would allow these synthetic antigens to replace costly biological materials used in current EBV diagnostics, with additional improvements in sensitivity and specificity. This is expected to be attractive to many companies, including those currently manufacturing and selling EBV diagnostics.

Secondly, by demonstrating the ability of Hepgenics' adhesive peptide technology to produce an enhanced EBV diagnostic, the "platform" nature of the technology will be established. This will enable Hepgenics to apply its technology to other diagnostic assays where performance is limited by the amount of the peptide or protein of interest that can be bound to the surface of substrate (plate) used. It has the potential to dramatically improve the performance of many existing assays and could also enable new assays to be developed for particularly problematic disease targets.

### *Key Commercial Milestone to be Delivered by Burnet*

- Conclusion of the program aiming to acquire proof of concept data that Select Vaccines' proprietary, novel adhesive peptides in conjunction with a disease peptide, such as Epstein Barr Virus peptide increases binding to common diagnostic assay substrates. This will demonstrate that the adhesive peptide technology has important utility for manufacturers of many different types of diagnostic assays and other research reagents.

### **RESEARCH PROGRAM - PICORAL PTY LTD**

Picoral is developing anti-viral drugs targeted at picornaviruses, viruses which cause illnesses that include meningitis, encephalitis and myocarditis. Studies in the company's antiviral program evaluated a large number of ion channel active compounds, and have identified two distinct chemical classes of drugs with activity against the Rhinoviruses (common cold), with different levels of activity against the Enteroviruses (meningitis, heart disease). An increased understanding of the drug effects on the virus suggest that there are differences in their major effect on cellular ion channels, and this information will be useful in the design and testing of improved drugs. Medium throughput assays have now been established for the quantitative assessment of new drug derivatives. The cell culture model for heart disease has been established and is now being optimised, for testing of the best compounds in animals during 2005.

### *Key Commercial Milestone to be Delivered by Burnet*

- Conclusion of animal studies aiming to demonstrate that Picoral's anti-viral lead compounds are protective against enterovirus infection.

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## ANNEXURE C

### OPTION CONDITIONS

- 1 No monies will be payable for the grant of the Options.
- 2 The Company shall provide an Option Certificate to the option holder with 5 days of the Options being granted.
- 3 Each Option shall carry the right in favour of an Option holder to subscribe for one ordinary share in the capital of SLT ("the Company") deemed fully paid (each a "Share" in these Option Conditions).
- 4 The Options expire at 5.00 pm (Melbourne time) on the Expiry Date set out in the above Option Details.
- 5 Options shall be exercisable (after vesting) by the delivery to the registered office of the Company of a notice in writing stating the intention of the Option holder to exercise all or a specified number of Options, accompanied by the relevant Option Certificate and a cheque made payable to the Company for the subscription price for the Shares.
- 6 The Share issued on exercise of an Option shall be issued at the Exercise Price set out in the above Option Details.
- 7 Subject to these Rules, other than a transfer to a related body corporate, the Options shall not be capable of assignment or transfer without the express prior written permission of the Company. Any permitted transferee or assign must take the Options subject to the terms and conditions contained in these Rules.
- 8 In the case of an approved assignment or transfer, the instrument of assignment or transfer shall be duly stamped and shall be lodged at the registered office of the Company together with such other information as the Company may require with respect to the assignment or transfer, and the Company shall enter the name of the assignee in a register of Options as the holder of the relevant Options. The instrument of assignment or transfer shall include an acknowledgement of the terms upon which the Options were issued (being these Option Conditions and the Vesting Conditions set out in the above Option Details).
- 9 The Company shall not be bound to recognise an assignment or transfer until a copy of the duly executed instrument of assignment is lodged with the Company, and then only if made in accordance with these Option Conditions.
- 10 Options shall not be listed for official quotation on the ASX or other stock exchange.
- 11 An exercise of only some Options shall not affect the rights of the Option holder under the balance of the Options held by him or her as appropriate.
- 12 The Company shall issue the resultant Share and deliver notification of share holdings within five business days of the valid exercise of an Option.
- 13 Shares issued pursuant to an exercise of Options shall rank, from the date of issue, equally with existing Shares of the Company in all respects.
- 14 If at the relevant time the ordinary shares of the Company are admitted to quotation by the ASX or other stock exchange, the Company shall in accordance with the Listing Rules make application to have Shares issued pursuant to an exercise of Options listed for official quotation by the ASX or other applicable stock exchange.
- 15 The Options will not give any right to participate in dividends until Shares are issued pursuant to the exercise of the relevant Options.
- 16 The Option holder will be permitted to participate in any new pro-rata issue of securities of the Company subject to the prior exercise of the Options (if vested), in which case the Option holder will be notified by the Company of the proposed pro-rata issue at least 9 business days before the books closing date (to determine entitlements to the issue) and afforded that period to exercise the Options.
- 17 If the Company, while an Option remains unexercised, reorganises its issued capital (including a consolidation of capital, subdivision of capital, return of capital, reduction of capital by cancellation of paid up capital that is lost or not represented by available assets where no securities are cancelled, a pro rata cancellation of capital or in any other case), the number or Exercise Price of Options or both to which the Holder is entitled will be adjusted in accordance with ASX Listing Rule 7.22.