

ASX ANNOUNCEMENT – OVERSEAS SHAREHOLDER LETTER

Please find attached a copy of the letter that has today been despatched to overseas shareholders in association with the Company's Renounceable Pro-rata rights issue

On behalf of the Board



Phillip Hains
Company Secretary

21 November 2006

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«AddressBlock»

Dear Sir,

RE: SELECT VACCINES LIMITED (“SELECT”): RENOUNCEABLE RIGHTS ISSUE

Our share register shows that you are a holder of shares in Select with a registered address outside Australia or New Zealand.

This letter is to notify you that on 10 November 2006 Select lodged a prospectus (**Prospectus**) with the Australian Securities and Investments Commission for a 3 for 1 pro-rata rights issue (**Rights Issue**) of 165,624,285 ordinary shares to raise \$3,312,486 before expenses. The offer will close on 5 December 2006.

The funds raised by the Rights Issue will be applied towards the costs of the Rights Issue, the general working capital requirements of the Company and:

- continuing the development of our VLP vaccine candidates (currently focused on vaccine candidates against Hepatitis C virus and Malaria, with the more recent addition of Influenza) including preclinical studies,
- continuing with our investigations into systems to produce our VLP vaccine candidates and seeking contract manufacturers with the objective of developing a process and production of our vaccine candidates for formal toxicology assessment,
- continuing the necessary activities (to be undertaken by third parties and the Company) that will support an application to perform a clinical trial of our preferred Hepatitis C vaccine candidate,
- continuing our efforts to identify potential partners who have expertise and capabilities that can assist our vaccine development program and with whom we can potentially jointly develop our VLP vaccine technology and VLP vaccine candidates,
- to provide the resources that will enable us to initiate and engage in discussions with potential commercial partners for our vaccine candidates and diagnostic tests, and to pursue discussions which have commenced, and
- to pursue additional investment in our technology development programs.

The Rights Issue is only being extended to shareholders with registered addresses in Australia and New Zealand, and only those shareholders will be offered entitlements and be entitled to deal with their renounceable rights (“**Rights**”). Shareholders with a registered address outside Australia or New Zealand (“**Excluded Shareholders**”) will be subject to different arrangements.

Arrangements have been made for a nominee in Australia, appointed by and acting on behalf of Select, to seek to sell all Rights attributable to Excluded Shareholders.

Any such sale will be at a price and otherwise in a manner determined by the nominee in its sole discretion. The ability to sell Rights, and the price obtained for those Rights, will be dependent on market conditions. If there is no viable market for the Rights, these Rights will be allowed to lapse.

Yours faithfully

A handwritten signature in black ink, appearing to be 'Phillip Hains', with a stylized flourish at the end.

Phillip Hains
Company Secretary