

30 April 2012

Manager of Company Announcements  
ASX Limited  
Level 6, 20 Bridge Street  
Sydney NSW 2000

By E-Lodgement

**SELECT VACCINES LIMITED**

Notice of Meeting and Updated Annual Report

Please find attached a Notice of Meeting for the Company's Annual General Meeting to be held at 945 Wellington Street, West Perth, WA 6005 on 31 May 2012 at 10.30am (WST).

Also attached is an updated Annual Report containing updated ASX additional information and the Company's Corporate Governance Policies.

For and on behalf of the board



**IAN MACLIVER**  
Chairman

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## **SELECT VACCINES LIMITED**

ACN 062 063 692

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### **NOTICE OF ANNUAL GENERAL MEETING**

**The Annual General Meeting of the Company will be held at  
945 Wellington Street, West Perth, Western Australia, 6005 on  
31 May 2012 at 10.30am (WST).**

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*This Notice of Annual General Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.*

***Should you wish to discuss any matter please do not hesitate to contact the Company by telephone on  
(08) 9322 7600.***

# SELECT VACCINES LIMITED

## ACN 062 063 692

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### NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the annual general meeting of Shareholders of Select Vaccines Limited (**Company**) will be held at 945 Wellington Street, West Perth, Western Australia, 6005 on 31 May 2012 at 10.30am (WST) (**Meeting**).

The Explanatory Memorandum to this Notice provides additional information on matters to be considered at the Meeting. The Explanatory Memorandum and the Proxy Form are part of this Notice.

The Directors have determined pursuant to regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered as Shareholders on 29 May 2012 at 5.00pm (WST).

Terms and abbreviations used in this Notice and Explanatory Memorandum are defined in Section 6.

### AGENDA

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#### 1. Annual Report

To table and consider the Annual Report of the Company and its controlled entities for the year ended 31 December 2011, which includes the Financial Report, Directors' Report and the Auditor's Report.

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#### 2. Resolution 1 – Adoption of Remuneration Report

To consider and, if thought fit, to pass with or without amendment, the following resolution as an ordinary resolution:

*"That the Remuneration Report be adopted by the Shareholders on the terms and conditions in the Explanatory Memorandum."*

##### Voting Exclusion

In accordance with section 250R of the Corporations Act, a vote on this Resolution 1 must not be cast (in any capacity) by, or on behalf of:

- (a) a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report; or
- (b) a Closely Related Party of such member.

However, a person described above may cast a vote on Resolution 1 if:

- (c) the person does so as a proxy appointed by writing that specifies how the proxy is to vote on Resolution 1; and
- (d) the vote is not cast on behalf of a person described in subparagraphs (a) or (b) above.

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### **3. Resolution 2 - Re-election of Ms Cherie Leeden as a Director**

To consider and, if thought fit, to pass with or without amendment, the following resolution as an ordinary resolution:

*"That Ms Cherie Leeden, who retires in accordance with Article 19.7 of the Constitution and, being eligible, offers herself for re-election, be re-elected as a Director."*

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### **4. Resolution 3 - Re-election of Mr Mark Titchener as a Director**

To consider and, if thought fit, to pass with or without amendment, the following resolution as an ordinary resolution:

*"That Mr Mark Titchener, who retires in accordance with Article 19.7 of the Constitution and, being eligible, offers himself for re-election, be re-elected as a Director."*

Dated 27 April 2012

**BY ORDER OF THE BOARD**



Phil Warren  
Company Secretary

## **EXPLANATORY MEMORANDUM**

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### **1. Introduction**

This Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be conducted at the Meeting to be held at to be held at 945 Wellington Street, West Perth, Western Australia, 6005 on 31 May 2012 at 10.30am (WST).

This Explanatory Memorandum should be read in conjunction with and forms part of the accompanying Notice. The purpose of this Explanatory Memorandum is to provide information to Shareholders in deciding whether or not to pass the Resolutions set out in the Notice.

A Proxy Form is located at the end of the Explanatory Memorandum.

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### **2. Action to be taken by Shareholders**

Shareholders should read the Notice and this Explanatory Memorandum carefully before deciding how to vote on the Resolutions.

#### **2.1 Proxies**

A Proxy Form is attached to the Notice. This is to be used by Shareholders if they wish to appoint a representative (a 'proxy') to vote in their place. All Shareholders are invited and encouraged to attend the Meeting or, if they are unable to attend in person, sign and return the Proxy Form to the Company in accordance with the instructions thereon. Lodgment of a Proxy Form will not preclude a Shareholder from attending and voting at the Meeting in person.

Please note that:

- (a) a member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy;
- (b) a proxy need not be a member of the Company; and
- (c) a member of the Company entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

The enclosed Proxy Form provides further details on appointing proxies and lodging Proxy Forms.

#### **2.2 Voting Prohibition by Proxy Holders**

In accordance with section 250R of the Corporations Act, a vote on Resolution 1 must not be cast (in any capacity) by, or on behalf of:

- (a) a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report; or
- (b) a Closely Related Party of such member.

However, a person described above may cast a vote on Resolution 1 if:

- (c) the person does so as a proxy appointed by writing that specifies how the proxy is to vote on Resolution 1; and
- (d) the vote is not cast on behalf of a person described in subparagraphs (a) or (b) above.

In accordance with section 250BD of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on Resolution 1 if:

- (e) the person is either:
  - (i) a member of the Key Management Personnel of the Company; or
  - (ii) a Closely Related Party of such a member, and
- (f) the appointment does not specify the way the proxy is to vote on Resolution 1.

However, the prohibition does not apply if:

- (a) the proxy is the Chairman; and

the appointment expressly authorises the Chairman to exercise the proxy even if Resolution 1 is connected directly or indirectly with remuneration of a member of the Key Management Personnel of the Company.

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### **3. Annual Report**

Shareholders will be offered the opportunity to discuss the Annual Report at the Meeting. Copies of the report can be found on the Company's ASX platform at [www.asx.com.au](http://www.asx.com.au) or by contacting the Company on (08) 9322 7600.

There is no requirement for Shareholders to approve the Annual Report.

Shareholders will be offered the following opportunities:

- (a) discuss the Annual Report for the financial year ended 31 December 2011;
- (b) ask questions or make comment on the management of the Company;
- (c) ask the auditor questions about the conduct of the audit and the preparation and content of the Auditor's Report.

In addition to taking questions at the Meeting, written questions to the Chairman about the management of the Company, or to the Company's auditor about:

- (d) the preparation and the content of the Auditor's Report;
- (e) the conduct of the audit;

- (f) accounting policies adopted by the Company in relation to the preparation of the financial statements; and
- (g) the independence of the auditor in relation to the conduct of the audit,

may be submitted no later than 5 business days before the Meeting to the Company Secretary at the Company's registered office.

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## 4. Resolution 1 – Adoption of Remuneration Report

Section 250R(2) of the Corporations Act provides that the Company is required to put the Remuneration Report to the vote of Shareholders. The Directors' Report contains a Remuneration Report which sets out the remuneration policy for the Company and reports the remuneration arrangements in place for the executive and non-executive directors.

Section 250R(3) of the Corporations Act provides that Resolution 1 is advisory only and does not bind the Directors of the Company. Of itself, a failure of Shareholders to pass Resolution 1 will not require the Directors to alter any of the arrangements in the Remuneration Report.

However, the Corporations Act has been amended by the Corporations Amendment (Improving Accountability on Director and Executive Remuneration) Act (**Director and Executive Remuneration Act**) which received the Royal Assent on 27 June 2011 and came into effect on 1 July 2011.

The Director and Executive Remuneration Act introduced new sections 250U and 250Y, among others, into the Corporations Act, giving Shareholders the opportunity to remove the Board if the Remuneration Report receives a 'no' vote of 25% or more at two consecutive annual general meetings (**Two Strikes Rule**).

Under the Two Strikes Rule, where a resolution on the Remuneration Report receives a 'no' vote of 25% or more at two consecutive annual general meetings, the Company will be required to put to Shareholders at the second annual general meeting, a resolution on whether another meeting should be held (within 90 days) at which all Directors (other than the managing director) who were in office at the date of approval of the applicable Directors' Report must stand for re-election.

In summary, if the Remuneration Report receives a 'no' vote of 25% or more at this Meeting, Shareholders should be aware that if there is a 'no' vote of 25% or more at the next annual general meeting the consequences are that it may result in the re-election of the Board.

The Chairman will allow a reasonable opportunity for Shareholders as a whole to ask about, or make comments on the Remuneration Report.

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## 5. Resolutions 2 and 3 – Re-election of Directors

### 5.1 Background

Article 19.7(b) of the Constitution requires that one third of the Directors must retire at each annual general meeting.

Article 19.7(b) also provides that a Director who retires under that Article is eligible for re-election.

Pursuant to this Article, Ms Cherie Leeden and Mr Mark Titchener will retire by rotation, being eligible, seek re-election.

## **5.2 Candidate Director's Profile – Ms Cherie Leeden (Resolution 2)**

Cherie Leeden is a member of the Australian Institute of Geoscientists. Ms Leeden has been involved in mining and exploration for the past ten years with the bulk of her experience relating to energy (coal and uranium) projects.

Ms Leeden has previously worked for Rio Tinto and two mid-tier ASX listed companies. Ms Leeden has most recently worked as Exploration Manager for Advaita Power Resources Pte Ltd (Advaita), and as Exploration Manager for Alara Uranium Limited (now Alara Resources Limited, ASX:AUQ). Whilst Exploration Manager for Strike Resources Limited (ASX: SRK), she discovered and advanced SRK's Berau Thermal Coal Resource, located in Indonesia. This included the technical and logistical planning and supervision of all exploration and resource development activities for the coal division. For Advaita she made coal resource acquisitions and/or energy licence applications in Botswana, Namibia and Australia.

Ms Leeden has a Bachelor of Science in Applied Geology Degree with Honours from the Western Australian School of Mines. Ms Leeden is a Non-Executive Director of Advaita Power Resources Pte Ltd, a Singaporean based company which sources Thermal Coal for several Indian Power Plants.

## **5.3 Candidate Director's Profile – Mr Mark Titchener (Resolution 3)**

Mark Titchener is a sophisticated investor specialising in investment strategies for early stage resource projects. Over the past 10 years he has participated in and advised on a significant number of listed and unlisted corporate transactions including capital raisings, reverse takeovers, restructures, seed investments and IPO's. Mark sits on a number of unlisted resource project boards as both a director and significant shareholder.



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## 6. Definitions

In this Notice, Explanatory Memorandum and Proxy Form:

**\$** means Australian Dollars.

**Annual Report** means the Directors' Report, the Financial Report and Auditor's Report thereon, in respect to the financial year ended 31 December 2011.

**Article** means an article of the Constitution.

**ASIC** means Australian Securities and Investments Commission.

**ASX** means ASX Limited (ACN 008 624 691) and, where the context permits, the Australian Securities Exchange operated by ASX.

**Auditor's Report** means the auditor's report on the Financial Report.

**BDO** means BDO Corporate Finance (WA) Pty Ltd.

**Board** means the board of Directors.

**Closely Related Party** has the meaning in section 9 of the Corporations Act.

**Company** means Select Vaccines Limited ACN 062 063 692.

**Constitution** means the current constitution of the Company.

**Corporations Act** means the Corporations Act 2001 (Cth).

**Director** means a director of the Company.

**Directors' Report** means the annual directors report prepared under Chapter 2M of the Corporations Act for the Company and its controlled entities.

**Explanatory Memorandum** means the explanatory memorandum attached to the Notice.

**Financial Report** means the annual financial report prepared under Chapter 2M of the Corporations Act of the Company and its controlled entities.

**Key Management Personnel** means a person having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company.

**Listing Rules** means the listing rules of ASX.

**Meeting** has the meaning in the introductory paragraph of the Notice.

**Notice** means this notice of meeting.

**Proxy Form** means the proxy form attached to the Notice.

**Remuneration Report** means the remuneration report of the Company in respect to the financial year ended 31 December 2011 contained in the Directors' Report.

**Resolution** means a resolution contained in this Notice.

**Schedule** means a schedule to this Notice.

**Section** means a section contained in this Explanatory Memorandum.

**Securities** means Shares, Options, and/or Performance Shares.

**Share** means a fully paid ordinary share in the capital of the Company.

**Shareholder** means a shareholder of the Company.

**WST** means Western Standard Time, being the time in Perth, Western Australia.

In this Notice, words importing the singular include the plural and vice versa.

**SELECT VACCINES LIMITED**  
**ACN 062 063 692**

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**PROXY FORM**

The Company Secretary  
Select Vaccines Limited

**By delivery:**  
c/- Grange Consulting  
945 Wellington Street  
WEST PERTH WA 6005

**By post:**  
PO Box 1263  
WEST PERTH WA 6872

**By facsimile:**  
+61 8 9322 7602

**Step 1 – Appoint a Proxy to Vote on Your Behalf**

I/We<sup>1</sup> \_\_\_\_\_

of \_\_\_\_\_

being a Shareholder/Shareholders of the Company and entitled to \_\_\_\_\_  
votes in the Company, hereby appoint:

**The Chairman of the  
Meeting (mark box)**

☐

**OR** if you are **NOT** appointing the Chairman of the  
Meeting as your proxy, please write the name and  
address of the person or body corporate (excluding the  
registered shareholder) you are appointing as your  
proxy

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally on my/our behalf at the Meeting to be held at 945 Wellington Street, West Perth, Western Australia, 6005 on 31 May 2012 at 10.30am (WST) and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit, except for as set out below).

**Important for Resolution 1-** If the Chairman of the Meeting is appointed as your proxy, or may be appointed as your proxy by default, and you have not directed him how to vote on Resolution 1 below, please mark the box below. If you do not mark this box and you have not directed your proxy how to vote on Resolution 1 in Step 2 below, the Chairman will not cast your votes on Resolution 1 and your votes will not be counted in computing the required majority if a poll is called on these Resolutions.

If you appoint the Chairman of the Meeting as your proxy you can direct the Chairman how to vote on Resolution 1 by either marking the relevant boxes in Step 2 below (for example if you wish to vote against or abstain from voting) or by marking the box below in this Step 1 (in which case the Chairman will vote in favour of Resolution 1).

The Chairman of the Meeting intends to vote all available proxies in favour of Resolution 1.

**The Chairman of the Meeting intends to vote undirected proxies in favour of Resolution 1:**

☐ I/We (except where I/we have indicated a different voting intention below):

- (a) direct the Chairman of the Meeting to vote in accordance with the voting intentions of the Chairman on Resolution 1 to vote in favour of these Resolutions; and
- (b) authorise, in respect of Resolution 1 the Chairman of the Meeting to vote as described even though Resolution 1 is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company;
- (c) authorise, in respect of Resolution 1, the Chairman of the Meeting to vote as described even though the Chairman of the Meeting has an interest in the outcome of Resolution 1 and acknowledge that votes cast by the Chairman of the Meeting for Resolution 1 other than as proxy holder will be disregarded because of that interest.

**Proxy appointments will only be valid and accepted by the Company if they are made and received no later than 48 hours before the meeting.**

**Please read the voting instructions overleaf before marking any boxes with an ☒.**

## Step 2 – Instructions as to Voting on Resolutions

### INSTRUCTIONS AS TO VOTING ON RESOLUTIONS

The proxy is to vote for or against the Resolution referred to in the Notice as follows:

		For	Against	Abstain
Resolution 1	Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Re-election of Ms Cherie Leeden as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Re-election of Mr Mark Titchener as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

#### Authorised signature/s

This section **must** be signed in accordance with the instructions below to enable your voting instructions to be implemented.

\* If you mark the Abstain box for a particular Resolution, 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.

#### The Chairman of the Meeting intends to vote undirected proxies in favour of each Resolution.

Individual or Shareholder 1	Shareholder 2	Shareholder 3
<input type="text"/>	<input type="text"/>	<input type="text"/>
Sole Director and Sole Company Secretary	Director	Director/Company Secretary

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Contact Name	Contact Daytime Telephone	Date
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<sup>1</sup>Insert name and address of Shareholder

#### Proxy Notes:

A Shareholder entitled to attend and vote at the Annual General Meeting may appoint a natural person as the Shareholder's proxy to attend and vote for the Shareholder at that Annual General Meeting. If the Shareholder is entitled to cast 2 or more votes at the Annual General Meeting the Shareholder may appoint not more than 2 proxies. Where the Shareholder appoints more than one proxy the Shareholder may specify the proportion or number of votes each proxy is appointed to exercise. If such proportion or number of votes is not specified each proxy may exercise half of the Shareholder's votes. A proxy may, but need not be, a Shareholder of the Company.

If a Shareholder appoints a body corporate as the Shareholder's proxy to attend and vote for the Shareholder at that Annual General Meeting, the representative of the body corporate to attend the Annual General Meeting must produce the Certificate of Appointment of Representative prior to admission. A form of the certificate may be obtained from the Company's share registry.

You must sign this form as follows in the spaces provided:

Joint Holding: where the holding is in more than one name all of the holders must sign.  
Power of Attorney: if signed under a Power of Attorney, you must have already lodged it with the registry, or alternatively, attach a certified photocopy of the Power of Attorney to this Proxy Form when you return it.  
Companies: a Director can sign jointly with another Director or a Company Secretary. A sole Director who is also a sole Company Secretary can also sign. Please indicate the office held by signing in the appropriate space.

If a representative of the corporation is to attend the Annual General Meeting the appropriate "Certificate of Appointment of Representative" should be produced prior to admission. A form of the certificate may be obtained from the Company's Share Registry.

Proxy Forms (and the power of attorney or other authority, if any, under which the Proxy Form is signed) or a copy or facsimile which appears on its face to be an authentic copy of the Proxy Form (and the power of attorney or other authority) must be deposited at or received by facsimile transmission at the address below no later than 48 hours prior to the time of commencement of the Annual General Meeting (WST).

**Hand deliveries:** Grange Consulting  
945 Wellington Street  
WEST PERTH WA 6005

**Postal address:** PO Box 1263  
WEST PERTH WA 6872

**Facsimile:** (08) 9322 7602 if faxed from within Australia or + 61 8 9322 7602 if faxed from outside Australia.



ACN 062 063 692

**Annual Report  
For the Year Ended  
31 December 2011**

**Select Vaccines Limited**

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## Corporate Information

This financial report includes the financial statements and notes of Select Vaccines Limited ('the Company'). The Company's functional presentation currency is AUD (\$).

A description of the Company's operations and of its principal activities is included in the review of operations and activities in the Directors' report on pages 4 to 12. The Directors' report is not part of the financial report.

### Directors

Mr Ian MacIver - Chairman - Non Executive Director  
Mr Mark Titchener - Non Executive Director  
Mr Gary Seabrooke - Non Executive Director  
Ms Cherie Leeden - Non Executive Director

### Company Secretary

Mr Philip Warren

### Registered Office

Grange Consulting Group Pty Ltd  
945 Wellington Street  
WEST PERTH WA 6005

### Share Registry

Security Transfer Registrars  
770 Canning Highway  
APPLECROSS WA 6153  
Phone: +61 8 9315 2333  
Fax: +61 8 9315 2233  
Email: [registrar@securitytransfer.com.au](mailto:registrar@securitytransfer.com.au)

### Website Address

[www.selectvaccines.com.au](http://www.selectvaccines.com.au)

### Auditors

BDO Audit (WA) Pty Ltd  
38 Station Street  
SUBIACO WA 6008

### Bankers

Westpac Banking Corporation  
Level 13, 109 St Georges Terrace  
PERTH WA 6008

### Solicitors

GTP Legal  
Level 1, 28 Ord Street  
WEST PERTH WA 6005

### Stock Exchange

Australian Securities Exchange Limited  
Level 45 Rialto South Tower  
525 Collins Street  
MELBOURNE VIC 3000

**ASX Code: SLT**

## Letter to Shareholders

Dear Shareholder

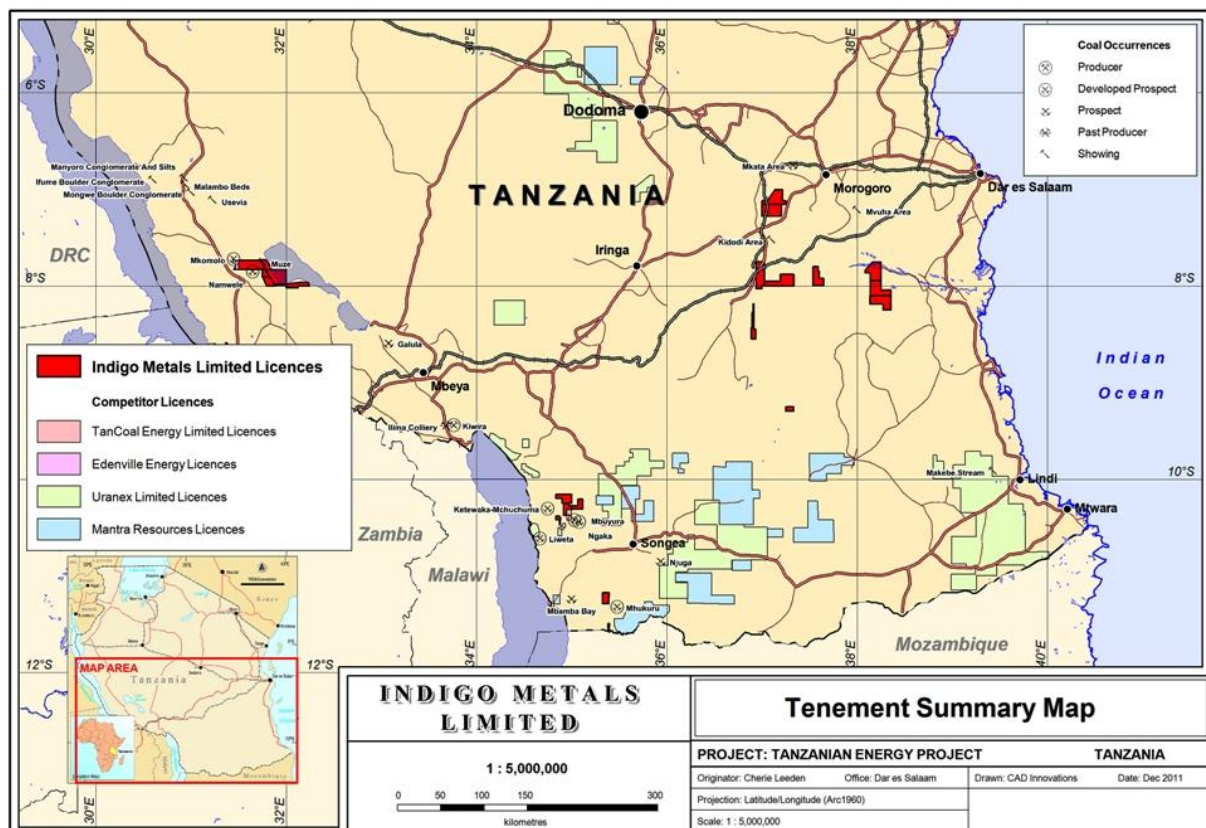
After announcing a change in strategic direction for Select Vaccines Limited ("**Select**" or "**the Company**") in September 2010, the majority of the year ended 31 December 2011 was spent assessing and reviewing identified projects that the Board thought would be suitable for Select's new strategic direction.

Unfortunately the majority of the projects assessed did not meet the Board's due diligence requirements.

On 19 December 2011, the Board announced that it completed high level due diligence and signed a binding Heads of Agreement ("**HoA**") with Mauritian based explorer Indigo Metals Limited ("**Indigo**") to acquire 100% of the issued capital of two wholly owned Mauritian entities and their subsidiaries, which own tenement portfolio of four (4) highly prospective and potentially large scale coal and uranium projects ("**Projects**") located in the United Republic of Tanzania ("**Tanzania**"), East Africa.

The HoA entitles Select to acquire 100% of the issued capital of two (2) Mauritian companies, Panama Resources Ltd ("**Panama**") and Shira Resources Ltd ("**Shira**") and their two Tanzanian subsidiaries, IBIS Resources Ltd (IBIS) and WTF Resources Ltd (WTF) which together hold thirty two (32) prospecting licenses that are either granted by or under application with the Ministry of Energy and Minerals in Tanzania.

**Figure 1. General overview map of the Indigo Metals Limited licences (in red) in relation to historically known coal occurrences and four competitor company's licences.**





## Letter to Shareholders (continued)

*All four (4) projects are located in a region that hosts significant energy projects as detailed in the announcement dated 19 December 2011.*

*Tanzania has not been thoroughly explored for coal or uranium. The majority of the highly prospective Karoo stratigraphy, that is known to host world class deposits in neighbouring countries, has never been drilled within Tanzania in most places.*

*As detailed in the announcement dated 19 December 2011, the transaction is subject to completion of due diligence by Select, Select shareholder approval (as required by listing rules 10.1 and 11.1.3), re-compliance with the listing rules and ASX approval of the performance share terms and conditions.*

*The Company will also seek shareholder approval to change its name to Select Exploration Ltd (which has been reserved with ASIC) to better reflect the new nature of the Company subject to successful completion of the Transaction.*

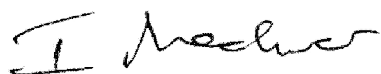
*The current directors of Select own seventy six (76%) of Indigo Metals Limited and are therefore related parties under ASX Listing rule 10.1 and Chapter 2E of the Corporations Act 2001. The Company will require shareholder approval to proceed with the transaction and will also commission an independent experts report as part of the shareholder approval process.*

*The Company is in the process of finalising the transaction and obtaining an Independent Expert Report. A notice of meeting will be issued to shareholders shortly including the final Independent Experts Report.*

*On behalf of the Board of Directors, I would like to take this opportunity to thank you as shareholders for your continued support of Select as it has assessed and reviewed the potential projects over the past year. The Board now believes it has an exciting portfolio of energy tenements in a potentially prospective region in a progressive country. Once shareholder approval is obtained the Board's intention is to undertake an aggressive drilling program which will hopefully deliver results and build shareholder value.*

*We look forward to keeping you as shareholders informed on all aspects of the proposed transaction and future of the Company.*

*Yours faithfully*



**Ian Macliver**  
**Chairman**

## Directors' Report

Your directors present the following report on Select Vaccines Limited (referred to hereafter as "the Company") for the financial year ended 31 December 2011.

### Directors

The names of the Directors in office during the financial year and until the date of this report are as follows. All directors were in office for the entire period unless otherwise stated:

Mr Ian Macliver	Chairman, Non-Executive Director ( <i>appointed 14 September 2010</i> )
Mr Mark Titchener	Non-Executive Director ( <i>appointed 14 September 2010</i> )
Mr Gary Seabrooke	Non-Executive Director ( <i>appointed 10 January 2011</i> )
Ms Cherie Leeden	Non-Executive Director ( <i>appointed 10 January 2011</i> )
Mr Phil Warren	Non-Executive Director ( <i>appointed 14 September 2010, resigned 6 January 2011</i> )

### Principal Activities

The principal activity of the Company for the period 1 January 2011 to 19 December 2011 was pursuing new business opportunities. On 19 December the Company signed a Heads of Agreements and has since refocused its principal activities on acquiring prospecting licenses for energy minerals focusing on coal and uranium in Tanzania.

### Review of Operations

The Statement of Comprehensive Income shows a net loss attributable to members of \$674,393 (2010: \$414,186) for the year ended 31 December 2011.

Since the sale of its vaccine technologies on 10 September 2010 the Board has evaluated several development and investment opportunities that it felt could be suitable for Select Vaccines Limited moving forward. Prior to the signing of the Heads of Agreement on 19 December 2011, none of these opportunities progressed to a level that warranted disclosure to the market and the board continued to review investments and businesses that may be undervalued and present an opportunity to increase shareholder value until a suitable opportunity presented.

In the meantime, the company continues to carefully manage its cash reserves to ensure a meaningful return for shareholders while retaining relatively low risk.

### Dividends

No dividend has been paid or recommended by the Directors since the commencement of the financial year.

### Significant Changes in State Of Affairs

On 19 December 2011 the Company executed a Heads of Agreements to acquire prospecting licenses for energy minerals focusing on coal and uranium in Tanzania. The Company did not undertake any capital raising initiatives in the 2011 financial year.

## **Directors' Report (continued)**

### **After Reporting Date Events**

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the entity, the results of those operations or the state of affairs of the entity in future financial years.

### **Likely Developments and Expected Results**

The Company intends to obtain all necessary Shareholder approvals as are required (including under Select's constitution, the listing rules of the ASX and the Corporations Act 2001) to give effect to the acquisition contemplated by the Heads of Agreement.

The Company will also seek to obtain all necessary regulatory requirements (including re-compliance with chapters 1 and 2 of the listing rules of ASX on terms which the Company believes are capable of satisfaction acting reasonably and ASX approval of the terms of the Heads of Agreement) as are required to give effect to the acquisition contemplated by this Agreement.

### **Financial Position**

The net assets of the Company have decreased from \$1,509,781 at 31 December 2010 to \$812,588 at 31 December 2011.

### **Environmental Regulation**

The Company's operations are not subject to any significant environmental regulation under either Commonwealth or State legislation. However, the board believes that the Company has adequate systems in place for the management of its environmental requirements and is not aware of any breach of those environmental requirements as they apply to the Company.

The Company is subject to the reporting requirements of both the *Energy Efficiency Opportunities Act 2006* and the *National Greenhouse and Energy Reporting Act 2007*. As the Company has not undertaken any activity in the last financial year it considers that it does not have any obligations under these Acts.

## Directors' Report (continued)

### Information on Directors

<b>Mr Ian Macliver</b>	–	Director (Non-Executive)
<b>Age</b>	–	52
<b>Qualifications</b>	–	B.Com, CA, F Fin, MAICD
<b>Experience</b>	–	Mr Macliver is Managing Director of Grange Consulting Group Pty Ltd which provides specialist corporate advisory services to both listed and unlisted companies. He has many years experience as a Senior Executive and Director of both resource and industrial companies, with particular responsibility for capital raising and other corporate initiatives. Mr Macliver is a Director of various listed and unlisted companies
<b>Special responsibilities</b>	–	Chairman
<b>Interest in shares &amp; options:</b>	–	55,500,461 Ordinary shares (indirect)
<b>Held in Select Vaccines Limited</b>	–	26,083,564 Options (\$0.002, 31 July 2013) (indirect)
<b>Directorships held in other listed entities</b>	–	During the past three years Mr Macliver's directorships in other listed entities are as follows: <ul style="list-style-type: none"> <li>• Western Areas NL (Non-executive director) 1 October 2011 to present,</li> <li>• Stratatel Ltd (Non-executive chairman) July 2000 to present,</li> <li>• Mount Gibson Iron Ltd (Non-executive director) February 2001 to 16 November 2011,</li> <li>• Otto Energy Ltd (Non-executive director) January 2004 to present,</li> <li>• Port Bouvard Ltd (Non-executive director). December 1994 to 12 April 2011,</li> <li>• Car Parking Technologies Limited (formerly Empire Beer Group) (Non-executive director) May 2006 to February 2011</li> </ul>
<b>Mr Mark Titchener</b>	–	Director (Non-Executive)
<b>Age</b>	–	54
<b>Qualifications</b>	–	N/A
<b>Experience</b>	–	Mark Titchener is a sophisticated investor specialising in investment strategies for early stage resource projects. Over the past 10 years he has participated in and advised on a significant number of listed and unlisted corporate transactions including capital raisings, reverse takeovers, restructures, seed investments and IPO's. Mark sits on a number of unlisted resource project boards as both a director and significant shareholder.
<b>Special responsibilities</b>	–	None
<b>Interest in shares &amp; options:</b>	–	96,750,461 Ordinary shares (indirect)
<b>Held in Select Vaccines Limited</b>	–	46,708,564 Options (\$0.002, 31 July 2013) (indirect)
<b>Directorships held in other listed entities</b>	–	None

## Directors' Report (continued)

<b>Mr Gary Seabrooke</b>	–	Director (Non-Executive)
<b>Age</b>		56
<b>Qualifications</b>	–	N/A
<b>Experience</b>	–	Mr Seabrooke has been involved in the ownership and management of contract drilling companies in Australia and Africa during the last 25 years. Mr Seabrooke has been involved in the exploration industry in both Australia and various African countries for the last 15 years in Gold, Base Metals and Coal exploration. Over the last five (5) years Mr Seabrooke has been involved in over 400,000 meters of contract exploration and Resource Definition drilling in Mozambique. Mr Seabrooke was involved with the acquisition and early development of the Riversdale Mining Ltd Coal discoveries in Tete, Mozambique.
<b>Special responsibilities</b>	–	None
<b>Interest in shares &amp; options:</b>	–	41,750,460 Ordinary shares (indirect)
<b>Held in Select Vaccines Limited</b>		19,208,564 Options (\$0.002, 31 July 2013) (indirect)
<b>Directorships held in other listed entities</b>	–	None
<b>Ms Cherie Leeden</b>	–	Director (Non-Executive)
<b>Age</b>		30
<b>Qualifications</b>	–	BSc (Applied Geology) (Hons)
<b>Experience</b>	–	Ms Leeden is a member of the Australian Institute of Geoscientists. Ms Leeden has been involved in mining and exploration for the past ten years with her primary experience relating to coal and iron projects. Ms Leeden is presently Exploration Manager for Advaita Power Resources Pte Ltd (Advaita). Prior to joining Advaita she was Exploration Manager for ASX listed Strike Resources Limited.
<b>Special responsibilities</b>	–	None
<b>Interest in shares &amp; options:</b>	–	Nil
<b>Held in Select Vaccines Limited</b>		
<b>Directorships held in other listed entities</b>	–	None

## Company Secretaries

Phil Warren (BCom, ACA) was appointed as Company Secretary on 10 January 2011. Mr Warren is a senior executive of Grange Consulting, where he specialises in corporate advisory and financial management services. Phil has considerable corporate experience working in finance, accounting and corporate roles in Australia and Europe. Phil has spent a number of years working overseas for major international investment banks. He started his career in the Perth office of Arthur Andersen in the Business Consulting division, having graduated with a Bachelor of Commerce from the University of Western Australia.

Phil has previously acted as Company Secretary for a number of private and ASX listed Companies.

## Directors' Report (continued)

Richard Wadley (FCCA) was appointed as Chief Financial Officer and Company Secretary on 2 April 2007. He specialises in providing financial and Company secretarial services to earlier stage life science companies. He has extensive experience in the areas of financial management, investor relations and capital raisings. He practised as a Chartered Accountant and has experience in the operations of a number of public listed companies. Mr Wadley resigned as company secretary on 1 July 2011.

## Audited Remuneration report

The remuneration report is set out under the following main headings:

- A Principles used to determine the nature and amount of remuneration
- B Details of remuneration
- C Service agreements
- D Share-based compensation

### A Principles used to determine the nature and amount of remuneration

The Board has elected not to establish a remuneration committee based on the size of the organisation and has instead agreed to meet as deemed necessary and allocate the appropriate time at its board meetings.

The following items are considered and discussed as deemed necessary at the board meetings:

- make specific recommendations to the board on remuneration of directors and senior officers;
- recommend the terms and conditions of employment for the Executive Director;
- undertake a review of the Executive Director's performance, at least annually, including setting with the Executive Director goals for the coming year and reviewing progress in achieving those goals;
- consider and report to the Board on the recommendations of the Executive Director on the remuneration of all direct reports; and
- develop and facilitate a process for Board and Director evaluation.

### Non-Executive Directors

Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of, the directors. Non-executive directors' fees and payments are reviewed annually by the Board.

### Directors' Fees

Non-executive directors' fees are determined within an aggregate directors' fee pool limit, which is periodically recommended for approval by shareholders. The maximum currently stands at \$250,000 per annum and was approved at the annual general meeting. The Directors resolved on 16 December 2010 in line with the Company's constitution that the chairman will receive \$40,000 (including super) per annum and non-executive directors will receive \$40,000 (including super) per annum.

The following fees are applicable since 1 January 2011:

Non-executive directors: \$156,663 p.a.

## **Directors' Report (continued)**

### **Additional fees**

A director may also be paid fees or other amounts as the directors determine if a director performs special duties or otherwise performs services outside the scope of the ordinary duties of a director. A director may also be reimbursed for out of pocket expenses incurred as a result of their directorship or any special duties.

### **Retirement allowances for directors**

Superannuation contributions required under the Australian Superannuation Guarantee Legislation continue to be made and are deducted from the directors' overall fee entitlements.

### **Executive pay**

The executive pay and reward framework has two components:

- base pay and benefits, including superannuation; and
- long-term incentives through participation in the Employee Share Option Plan.

The combination of these comprises the executive's total remuneration. The Company intends to revisit its long-term equity-linked performance incentives for executives as deemed necessary by the Board.

### **Base pay**

The employment cost package which may be delivered as a combination of cash and prescribed non-financial benefits at the executives' discretion.

Executives are offered a competitive base pay that comprises the fixed component of pay and rewards. Base pay for executives is reviewed annually to ensure the executives' pay is competitive with the market. An executive's pay is also reviewed every 12 months and may increase every 12 months.

### **Benefits**

No benefits other than noted above are paid to directors or management except as incurred in normal operations of the business.

### **Long term incentives**

The executives are entitled to participate in the Employee Incentive Scheme. There have been no options issued to employees at the date of this report. The options on issue will be approved at the next general meeting.

## **B Details of remuneration**

### **Amounts of remuneration**

Details of the remuneration of the directors and the key management personnel (as defined in AASB 124 Related Party Disclosures) of the Company are found below:

Mr. Ian Macliver (*appointed 14 September 2010*)  
Mr. Mark Titchener (*appointed 14 September 2010*)  
Mr. Gary Seabrooke (*appointed 10 January 2011*)

## Directors' Report (continued)

Ms. Cherie Leeden (*appointed 10 January 2011*)

Mr. Phil Warren (*director: appointed 14 September 2010, resigned 10 January 2011. Current Company Secretary*)

Mr. Richard Wadley (*resigned 1 July 2011*)

## Key Management personnel and other executives of the Company

### Details of remuneration for the year ended 31 December 2011

Director	Base Fee \$	Superannuation \$	Other \$	Equity \$	Total \$
Ian Macliver <sup>1</sup>	40,000	-	-	-	40,000
Mark Titchener <sup>1</sup>	40,000	-	-	-	40,000
Phil Warren <sup>2</sup>	3,333	-	-	-	3,333
Gary Seabrooke <sup>3</sup>	36,667	-	-	-	36,667
Cherie Leeden <sup>3</sup>	36,663	-	-	-	36,663

<sup>1</sup> Appointed 14 September 2010.

<sup>2</sup> Appointed 14 September 2010, resigned 6 January 2011.

<sup>3</sup> Appointed 10 January 2011

Specified Executive	Base Fee \$	Superannuation \$	Other \$	Equity \$	Total \$
Richard Wadley <sup>1</sup>	17,700	-	-	-	17,700
Phil Warren <sup>2</sup>	-	-	-	-	-

<sup>1</sup> Resigned 1 July 2011

<sup>2</sup> Appointed 10 January 2011. Mr Warren did not receive any fees for his secretarial services. Mr Warren is an employee of Grange Consulting Group Pty Ltd, which received \$78,759 for company secretarial fees in 2011.

### Details of remuneration for the year ended 31 December 2010

Director	Base Fee \$	Superannuation \$	Other \$	Equity \$	Total \$
Ian Macliver <sup>2</sup>	10,000	-	-	-	10,000
Mark Titchener <sup>2</sup>	10,000	-	-	-	10,000
Phil Warren <sup>3</sup>	10,000	-	-	-	10,000
George Weber <sup>1</sup>	13,855	-	-	-	13,855
Ian Cooke <sup>1</sup>	13,855	-	-	-	13,855
Shane Allen <sup>1</sup>	31,977	-	-	-	31,977

<sup>1</sup> Resigned 14 September 2010.

<sup>2</sup> Appointed 14 September 2010.

<sup>3</sup> Appointed 14 September 2010, resigned 6 January 2011.

Specified Executive	Base Fee \$	Superannuation \$	Other \$	Equity \$	Total \$
Richard Wadley	39,068	-	-	-	39,068

## C Service agreements

There are no service agreements currently in place. The board consists of non-executive directors that are paid in-line with the Company's constitution and going market rates.



## Directors' Report (continued)

### D Share –based compensation

#### Select Vaccines Ltd Share and Option Plan ("SVESOP")

Directors (subject to shareholders' approval) and other executives are entitled to participate in the SVESOP. Details of the SVESOP have previously been detailed and approved by shareholders at the 2005 Annual General Meeting.

No Options have been issued or vested under this plan in either 2010 or 2011.

## End of the Audited Remuneration Report

#### Directors Meetings

The number of directors meetings held and the number of meetings attended by each of the directors of the Company for the time the director held office during the financial year are:

	Number of Meetings Eligible to Attend	Number of Meetings Directors Attended
Ian Macliver	3	3
Mark Titchener	3	3
Cherie Leeden	3	3
Gary Seabrooke	3	3

## Shares issued under option

There were no shares issued under option during the 2011 financial year.

## Shares under option

Unissued ordinary shares of Select Vaccines Limited under option at the date of this report are as follows:

Date Options Granted	Expiry Date	Issue Price of Shares	Number Under Option
19 October 2010	31 July 2013	\$0.002	293,653,015
4 November 2010	31 July 2013	\$0.002	30,150,000
22 December 2010	31 July 2013	\$0.002	93,750,000

## Shares issued on the exercise of options

There were 1,100,000 options exercised at \$0.02 during the 2011 financial year and 1,100,000 shares issued as a result.

## **Directors' Report (continued)**

### **Indemnification of officers**

During the financial year the Company entered into a policy to indemnify directors and officers against certain liabilities incurred as a director or officer, including costs and expenses associated in successfully defending legal proceedings. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium. The Company has not otherwise, during or since the financial year, indemnified or agreed to indemnify an officer or an auditor of the Company or of any related body corporate against a liability incurred as such an officer or auditor.

### **Proceedings on behalf of the Company**

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the Corporations Act 2001.

### **Non-Audit Services**

During the year ended 31 December 2011 the economic entity paid \$11,929 to Hall Chadwick (2010: \$7,023 to McLean Delmo Hall Chadwick) for taxation services. No fees were paid to BDO for non-audit services during the year.

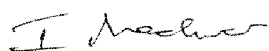
The board considers non-audit services provided by the auditor in accordance with written advice provided by resolution of the Board to satisfy themselves that the provision of those non audit services is compatible with, and does not compromise, the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services are subject to the corporate governance procedures adopted by the Company and review of the audit committee to ensure they do not impact the integrity and objectivity of the auditor; and
- all non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

### **Lead Auditors' Independence Declaration under Section 307C of the Corporations Act 2001.**

The lead auditor's independence declaration is set out on page 55 for the year ended 31 December 2011.

This report is made in accordance with a resolution of the directors:



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Ian Macliver  
Chairman  
February 29, 2012

## Statement of Comprehensive Income for the Year Ended 31 December 2011

	Note	Company 2011 \$	Consolidated 2010 \$
<b>Continuing operations</b>			
Revenue	2	43,607	66,862
Other income	2	-	16,150
Audit fees		(37,990)	(30,000)
Corporate and compliance costs		(497,313)	(300,838)
Research and development		(12,788)	(66,276)
Directors' fees	5	(156,663)	(89,687)
General and administration		(13,246)	(10,157)
<b>Loss before income tax</b>		(674,393)	(413,946)
Income tax benefit	4	-	-
<b>Loss from continuing operations</b>		(674,393)	(413,946)
<b>Discontinued operations</b>			
Loss from discontinued operations, net of income tax	23	-	(240)
<b>Loss for the year</b>		(674,393)	(414,186)
Other comprehensive income		-	-
<b>Total comprehensive loss for the year</b>		(674,393)	(414,186)
<b>Total comprehensive loss attributable to owners of Select Vaccines Limited</b>		(674,393)	(414,186)
Basic earnings/(loss) per share (cents per share)	7	(0.06)	(0.11)
Diluted earnings/(loss) per share (cents per share)		n/a	n/a

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

## Statement of Financial Position as at 31 December 2011

		Company	
		2011	2010
		\$	\$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	8	775,667	1,426,759
Trade and other receivables	9	64,459	98,139
<b>TOTAL CURRENT ASSETS</b>		840,126	1,524,898
<b>TOTAL ASSETS</b>		840,126	1,524,898
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	12	27,538	15,117
<b>TOTAL CURRENT LIABILITIES</b>		27,538	15,117
<b>TOTAL LIABILITIES</b>		27,538	15,117
<b>NET ASSETS</b>		812,588	1,509,781
<b>EQUITY</b>			
Issued capital	14	37,883,545	37,906,345
Accumulated losses		(37,070,957)	(36,396,564)
<b>TOTAL EQUITY</b>		812,588	1,509,781

The above Statement of Financial Position should be read with the accompanying notes.

## Statement of Changes in Equity for the Year Ended 31 December 2011

Company	Share Capital	Accumulated Losses	Total
	\$	\$	\$
<b>Balance at 1/1/2010</b>	36,268,907	(35,982,378)	286,529
Total comprehensive loss for the year	-	(414,186)	(414,186)
Transactions with owners in this capacity as owners			
Shares issued during the year	1,637,438	-	1,637,438
<b>Balance at 31/12/2010</b>	<b>37,906,345</b>	<b>(36,396,564)</b>	<b>1,509,781</b>
<b>Balance at 1/1/2011</b>	37,906,345	(36,396,564)	1,509,781
Total comprehensive loss for the year	-	(674,393)	(674,393)
Transactions with owners in this capacity as owners			
Shares issued during the year, net of transaction costs	(22,800)	-	(22,800)
<b>Balance at 31/12/2011</b>	<b>37,883,545</b>	<b>(37,070,957)</b>	<b>(812,588)</b>

The above Statement of Changes in Equity should be read with the accompanying notes.

## Statement of Cash Flows for the Year Ended 31 December 2011

	Note	Company 2011 \$	Consolidated 2010 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers		-	57,460
Payments to suppliers and employees		(671,410)	(658,894)
Interest received		30,835	9,402
Other receipts		12,283	-
Net cash used in operating activities	18a	(628,292)	(592,032)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Net cash outflow from disposal of subsidiaries	18b	-	(7,850)
Net cash used in investing activities		-	(7,850)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of shares		2,200	1,792,230
Capital raising costs		(25,000)	(154,792)
Net cash provided by/(used in) financing activities		(22,800)	1,637,438
<b>Net increase/ (decrease) in cash held</b>		<b>(651,092)</b>	<b>1,037,556</b>
Cash and cash equivalents at beginning of financial year		1,426,759	389,203
<b>Cash and cash equivalents at end of financial year</b>	8	<b>775,667</b>	<b>1,426,759</b>

The above Statement of Cash Flows should be read with the accompanying notes.

## Notes to the Financial Statements

This financial report includes the financial statements and notes of Select Vaccines Limited.

### Note 1: Summary of Significant Accounting Policies

#### a) Basis of Preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board ("AASB") and the Corporations Act 2001.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of the financial report are presented below and have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement as fair value of selected non-current assets, financial assets and financial liabilities.

#### b) Principles of Consolidation

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by Select Vaccines Limited at the end of the reporting period. A controlled entity is any entity over which Select Vaccines Limited has the power to govern the financial and operating policies so as to obtain benefits from the entity's activities. Control will generally exist when the parent owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are also considered.

Where controlled entities have entered or left the Company during the year, the financial performance of those entities are included only for the period of the year that they were controlled. A list of controlled entities is contained in Note 11 to the financial statements.

In preparing the consolidated financial statements, all inter-group balances and transactions between entities in the consolidated group have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the parent entity.

#### c) Income Tax

The income tax expense/ (revenue) for the year comprises current income tax expense/ (income) and deferred tax expense/ (income).

## Notes to the Financial Statements

### Note 1: Summary of Significant Accounting Policies (continued)

#### c) Income Tax (cont'd)

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at the end of the reporting period. Current tax liabilities/ (assets) are therefore measured at the amounts expected to be paid to/ (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well unused tax losses.

Current and deferred income tax expense/ (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at the end of the reporting period. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

#### d) Leases

Lease payments for operating leases where substantially all of the risks and benefits are charged as expenses remain with the lessor, in the periods in which they are incurred.

#### e) Financial Instruments

##### Recognition and initial measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the



## Notes to the Financial Statements

### Note 1: Summary of Significant Accounting Policies (continued)

#### e) Financial Instruments (cont'd)

Company commits itself to either the purchase or sale of the asset (ie trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

##### Classification and subsequent measurement

Finance instruments are subsequently measured at either of fair value, amortised cost using the effective interest rate method, or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

##### Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period. (All other loans and receivables are classified as non-current assets.)

##### Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

##### Impairment

At the end of each reporting period, the Company assesses whether there is objective evidence that a financial instrument has been impaired.

#### f) Impairment of Assets

At each the end of each reporting period, the Company assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information including dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

## Notes to the Financial Statements

### Note 1: Summary of Significant Accounting Policies (continued)

#### g) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of 3 months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

#### h) Revenue and Other Income

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed.

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets, is the rate inherent in the instrument.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

All revenue is stated net of the amount of goods and services tax (GST).

#### i) Trade and Other Payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Company during the reporting period which remains unpaid. The balance is recognised as a current liability with the amount being normally paid within 30 days of recognition of the liability.

#### j) Trade and Other Receivables

Trade receivables are recognised and carried at original invoice amount less a provision for any uncollectible debts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

Receivables from related parties are recognised and carried at the normal amount due. Interest is taken up as income on an accrual basis.

#### k) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

## Notes to the Financial Statements

### Note 1: Summary of Significant Accounting Policies (continued)

#### l) Comparative Figures

Where required by accounting standards comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Where the Company applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statements, a statement of financial position as at the beginning of the earliest comparative period will be disclosed.

#### m) Going concern

At 31 December 2011, the Company has cash funds available of \$775,667 and working capital of \$812,588. For the year ending 31 December 2011 the Company incurred an operating loss of \$647,393 and had net cash used in operating activities of \$628,292.

The financial statements have been prepared on the basis of a going concern. The Directors' are of the opinion that the Company has sufficient funds to adequately meet the Company's short term working capital requirements.

However, the Company will require further financing in order to meet its obligations under the Heads of Agreement signed on the 19 December 2011. The Heads of Agreement to acquire 100% of the issued capital of Panama and Shira includes cash consideration of AUD\$20,000 upon execution of the SSA and AUD\$580,000 payable at completion.

The Directors are aware that the Company will need to obtain additional finance as needed and if unable to raise the required funding to meet the ongoing needs of the Company it may need to extinguish its liabilities and recognise its' assets at amounts other than those stated in the financial statements. Funding requirements will be met way of equity or debt funding or a combination of both.

#### n) Contributed Equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

#### o) Earnings Per Share

Basic earnings per share is calculated by dividing:

- The profit attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares
- By the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

#### p) Adoption of New and Revised Accounting Standards

During the current year the Company adopted all of the new and revised Australian Accounting Standards and Interpretations applicable to its operations which became mandatory.

## **Notes to the Financial Statements**

### **Note 1: Summary of Significant Accounting Policies (continued)**

#### **q) New Accounting Standards for Application in Future Periods**

The AASB has issued new and amended accounting standards and interpretations that have mandatory application dates for future reporting periods. The Company has decided against early adoption of these standards and does not expect these requirements to have any material effect on the Company's financial statements.

AASB reference	Title and Affected Standard(s):	Nature of Change	Application date:	Impact on Initial Application
AASB 9 (issued December 2009 and amended December 2010)	Financial Instruments	Amends the requirements for classification and measurement of financial assets. The following requirements have generally been carried forward unchanged from AASB 139 <i>Financial Instruments: Recognition and Measurement</i> into AASB 9. These include the requirements relating to: Classification and measurement of financial liabilities; and Derecognition requirements for financial assets and liabilities. However, AASB 9 requires that gains or losses on financial liabilities measured at fair value are recognised in profit or loss, except that the effects of changes in the liability's credit risk are recognised in other comprehensive income.	Periods beginning on or after 1 January 2015	Adoption of AASB 9 is only mandatory for the 31 December 2015 year end. The entity has not yet made an assessment of the impact of these amendments. The entity does not have any financial liabilities measured at fair value through profit or loss. There will therefore be no impact on the financial statements when these amendments to AASB 9 are first adopted.
AASB 10 (issued August 2011)	Consolidated Financial Statements	Introduces a single 'control model' for all entities, including special purpose entities (SPEs), whereby all of the following conditions must be present: Power over investee (whether or not power used in practice) Exposure, or rights, to variable returns from investee <ul style="list-style-type: none"> <li>Ability to use power over investee to affect the entity's returns from investee.</li> </ul>	Annual reporting periods commencing on or after 1 January 2013	When this standard is first adopted for the year ended 31 December 2013, there will be no impact on transactions and balances recognised in the financial statements because the entity does not have any special purpose entities.
AASB 11 (issued August 2011)	Joint Arrangements	Joint arrangements will be classified as either 'joint operations' (where parties with joint control have rights to assets and obligations for liabilities) or 'joint ventures' (where parties with joint control have rights to the net assets of the arrangement). Joint arrangements structured as a separate vehicle will generally be treated as joint ventures and accounted for using the equity method (proportionate consolidation no longer allowed).	Annual reporting periods commencing on or after 1 January 2013	When this standard is first adopted for the year ended 31 December 2013, there will be no impact on transactions and balances recognised in the financial statements because the entity has not entered into any joint arrangements.
AASB 13 (issued September 2011)	Fair Value Measurement	Additional disclosures required for items measured at fair value in the statement of financial position, as well as items merely disclosed at fair value in the notes to the financial statements. Extensive additional disclosure requirements for items measured at fair value that are 'level 3' valuations in the fair value hierarchy that are not financial instruments, e.g. land and buildings, investment properties etc.	Annual reporting periods commencing on or after 1 January 2013	When this standard is adopted for the first time on 1 January 2013, additional disclosures will be required about fair values.
AASB 2011-9 (issued September 2011)	Amendments to Australian Accounting Standards - Presentation of Items of Other Comprehensive Income	Amendments to align the presentation of items of other comprehensive income (OCI) with US GAAP. Various name changes of statements in AASB 101 as follows: 1 statement of comprehensive income – to be referred to as 'statement of profit or loss and other comprehensive income' 2 statements – to be referred to as 'statement of profit or loss' and 'statement of comprehensive income'. OCI items must be grouped together into two sections: those that could subsequently be reclassified into profit or loss and those that cannot.	Annual periods commencing on or after 1 July 2012	When this standard is first adopted for the year ended 31 December 2013, there will be no impact on amounts recognised for transactions and balances for 31 December 2012 (and comparatives). However, the statement of comprehensive income will include name changes and include subtotals for items of OCI that can subsequently be reclassified to profit or loss in future (e.g. foreign currency translation reserves) and those that cannot subsequently be reclassified (e.g. fixed asset revaluation surpluses).

AASB reference	Title and Affected Standard(s):	Nature of Change	Application date:	Impact on Initial Application
Interpretation 20 (issued November 2011)	Stripping Costs in the Production Phase of a Surface Mine	Clarifies that costs of removing mine waste materials (overburden) to gain access to mineral ore deposits during the production phase of a mine must be capitalised as inventories under AASB 102 <i>Inventories</i> if the benefits from stripping activity is realised in the form of inventory produced. Otherwise, if stripping activity provides improved access to the ore, stripping costs must be capitalised as a non-current, stripping activity asset if certain recognition criteria are met (as an addition to, or enhancement of, an existing asset).	Annual periods commencing on or after 1 January 2013	The entity does not operate a surface mine. There will therefore be no impact on the financial statements when this interpretation is first adopted.

The financial report was authorised for issue on 29 February 2012 by the Board of Directors.

## Notes to the Financial Statements

### Note 2: Revenue and Other Income

	Company 2011 \$	Consolidated 2010 \$
Revenue From Continuing Operations		
Research and development revenue	12,772	57,460
Interest revenue – other persons	30,835	9,402
Total revenue	43,607	66,862
Gains on disposal of controlled entities	-	16,150

### Note 3: Loss for the Year

	Company 2011 \$	Consolidated 2010 \$
<b>a) Significant Revenue and Expenses</b>		
The following significant revenue and expense items are relevant in explaining the financial performance:		
Royalties Revenue	12,772	16,147
Milestone Revenue	-	41,313
Gains on the disposal of Hepgenics Pty Ltd and Picoral Pty Ltd	-	16,150

## Notes to the Financial Statements

### Note 4: Income Tax

	Company 2011 \$	Consolidated 2010 \$
a) The components of tax expense comprise:		
Current tax	-	-
Deferred tax	-	-
Total	-	-
b) The prima facie tax on profit / loss from ordinary activities before income tax is reconciled to the income tax as follows: Prima facie tax payable on loss from ordinary activities before income tax at 30% (2009: 30%)		
▪ Economic Entity	(202,318)	(124,256)
▪ Parent entity	-	-
Add:		
Tax effect of:		
▪ Permanent differences	64,883	
▪ Timing differences	10,046	-
▪ Tax loss carries forward	127,889	124,256
Income tax attributable to entity	-	-
The applicable weighted average effective tax rates are as follows:	0%	0%
c) The directors estimate that the potential deferred tax assets at 31 December 2011 in respect of tax losses not brought to account is:		
Carried forward losses	1,478,800	4,473,714
The benefit for tax losses will only be obtained if:		
▪ the Company derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised; and		
▪ the losses are transferred to an eligible entity in the Company; and		
▪ the Company continues to comply with the conditions for deductibility imposed by tax legislation; and		
▪ no changes in tax legislation adversely affect the consolidated in realising the benefit from the deduction for the losses.		



## Notes to the Financial Statements

### Note 5: Interests of Key Management Personnel (KMP)

- a) Names and positions held of economic and parent entity directors and specified executives in office at any time during the financial year are:

#### Economic and Parent Entity Directors

Ian MacIver (non-executive Chairman, appointed 14 September 2010)

Mark Titchener (non-executive appointed 14 September 2010)

Phillip Warren (non-executive appointed 14 September 2010; resigned as Director 6 January 2011)

Cherie Leeden (non-executive director, appointed 10 January 2011)

Gary Seabrooke (non-executive director, appointed 10 January 2011)

#### Specified Executives

Richard Wadley – (Company Secretary and Chief Financial Officer. Appointed 2 April 2007, resigned 1 July 2011)

Philip Warren – Company Secretary (Appointed 10 January 2011)

- b) Compensation of Key Management Personnel

The aggregate compensation made to key management personnel of the economic and Parent Entity is set out below:

	Company 2011 \$	Consolidated 2010 \$
Short-term employee benefits	156,663	89,687
	156,663	89,687

- c) Options

The number of options over ordinary shares held by each KMP of the Company during the financial year is as follows:

2011	Balance at beginning of year	Granted as remuner- ation during the year	Exercised during the year	Other changes during the year	Balance at end of year	Vested during the year	Vested and exercise- able	Vested and unexercis- able
Ian MacIver	26,083,564	-	-	-	26,083,564	-	26,083,564	-
Mark Titchener	46,708,564	-	-	-	46,708,564	-	46,708,564	-
Phil Warren	5,000,000	-	-	-	5,000,000	-	5,000,000	-
Cherie Leeden	-	-	-	-	-	-	-	-
Gary Seabrooke	-	-	-	19,208,564	19,208,564	-	19,208,564	-
Total	77,792,128	-	-	19,208,564	97,000,692	-	97,000,692	-

## Notes to the Financial Statements

### Note 5: Interests of Key Management Personnel (KMP) (cont'd)

#### e) Options (continued)

2010	Balance at beginning of year	Granted as remuneration during the year	Exercised during the year	Other changes during the year	Balance at end of year	Vested during the year	Vested and exercise-able	Vested and unexercisable
Ian Macliver	-	-	-	26,083,564	26,083,564	26,083,564	26,083,564	-
Mark Titchener	-	-	-	46,708,564	46,708,564	46,708,564	46,708,564	-
Phil Warren	-	-	-	5,000,000	5,000,000	5,000,000	5,000,000	-
George Weber	-	-	-	-	-	-	-	-
Shane Allan	-	-	-	-	-	-	-	-
Ian Cooke	-	-	-	-	-	-	-	-
Total	-	-	-	77,792,128	77,792,128	77,792,128	77,792,128	-

#### d) Shareholdings

The number of ordinary shares in Select Vaccines Limited held by each KMP of the Company during the financial year is as follows:

31 December 2011	Balance at beginning of year \$	Granted as remuneration during year \$	Issued on exercise of options during year \$	Other changes during year \$	Balance at end of year \$
Ian Macliver	55,500,461	-	-	-	55,500,461
Mark Titchener	96,750,461	-	-	-	96,750,461
Phil Warren <sup>1</sup>	10,000,000	-	-	(1,000,000)	9,000,000
Cherie Leeden	-	-	-	-	-
Gary Seabrooke <sup>2</sup>	-	-	-	41,750,460	41,750,460
	162,250,922	-	-	40,750,460	203,001,382

<sup>1</sup> Phil Warren resigned as Director on 6 January 2011, retains his position as Company Secretary.

<sup>2</sup> Gary Seabrooke held these shares prior to his appointment as a Director of the Company on 10 January 2011.

31 December 2010	Balance at beginning of year \$	Granted as remuneration during year \$	Issued on exercise of options during year \$	Other changes during year <sup>1</sup> \$	Balance at end of year \$
Ian Macliver	-	-	-	55,500,461	55,500,461
Mark Titchener	-	-	-	96,750,461	96,750,461
Phil Warren	-	-	-	10,000,000	10,000,000
George Weber <sup>2</sup>	360,000	-	-	(360,000)	-
Ian Cooke <sup>2</sup>	56,000	-	-	(56,000)	-
	416,000	-	-	161,834,922	162,250,922

<sup>1</sup> The other changes reflected above includes those shares issued during the year under review via new equity issue, other than for remuneration, or traded on market.

<sup>2</sup> George Weber and Ian Cooke resigned from the company on 14 September 2010.

## Statement of Comprehensive Income for the Year Ended 31 December 2011

	Note	Company 2011 \$	Consolidated 2010 \$
<b>Continuing operations</b>			
Revenue	2	43,607	66,862
Other income	2	-	16,150
Audit fees		(37,990)	(30,000)
Corporate and compliance costs		(497,313)	(300,838)
Research and development		(12,788)	(66,276)
Directors' fees	5	(156,663)	(89,687)
General and administration		(13,246)	(10,157)
<b>Loss before income tax</b>		(674,393)	(413,946)
Income tax benefit	4	-	-
<b>Loss from continuing operations</b>		(674,393)	(413,946)
<b>Discontinued operations</b>			
Loss from discontinued operations, net of income tax	23	-	(240)
<b>Loss for the year</b>		(674,393)	(414,186)
Other comprehensive income		-	-
<b>Total comprehensive loss for the year</b>		(674,393)	(414,186)
<b>Total comprehensive loss attributable to owners of Select Vaccines Limited</b>		(674,393)	(414,186)
Basic earnings/(loss) per share (cents per share)	7	(0.06)	(0.11)
Diluted earnings/(loss) per share (cents per share)		n/a	n/a

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

## Notes to the Financial Statements

### Note 8: Cash and Cash Equivalents

	Note	Company 2011 \$	Company 2010 \$
Cash at bank and in hand	22	775,667	1,426,759
The effective interest rate on short-term bank deposits was 2.25% (2010: 3.5%).			
<b>Reconciliation of cash</b>			
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:			
Cash and cash equivalents		775,667	1,426,759

### Note 9: Trade and Other Receivables

	Company 2011 \$	Company 2010 \$
CURRENT		
Goods and services tax	46,126	64,410
Prepayments	18,333	33,729
	64,459	98,139

#### Credit Risk – Trade and Other Receivables

The Company has no significant concentration of credit risk with respect to any single counter party or Company of counter parties other than Australian Taxation Office. The class of assets described as trade and other receivables is considered to be the main source of credit risk related to the Company.

All trade and other receivables are within initial trade terms and considered to be of high credit quality.

#### a) Financial assets classified as loans and receivables

	Company 2011 \$	Company 2010 \$
Trade and other receivables		
▪ Total current	64,459	98,139
▪ Total non-current	-	-
	64,459	98,139
Less GST	(46,126)	(64,410)
Less prepayments	(18,333)	(33,729)
Financial assets	-	-

## Notes to the Financial Statements

### Note 10: Financial Assets

	Company 2011 \$	Company 2010 \$
NON-CURRENT		
Shares in other corporations, at cost	-	100,000
Less provision for impairment of investments	-	(100,000)
	-	-

### Note 11: Controlled Entities

	Country of Incorporation	Principal Activity	Percentage Owned (%)	
			2011	2010
<b>Parent Entity</b>				
Select Vaccines Limited	Australia	Investment		
<b>Subsidiaries of Select Vaccines Limited</b>				

- a) Disposal of controlled entities (refer note 23)

## Notes to the Financial Statements

### Note 12: Trade and Other Payables

		Company 2011 \$	Company 2010 \$
Current			
Trade creditors		27,538	15,117
Sundry creditors and accrued expenses		-	-
		<u>27,538</u>	<u>15,117</u>
a) Financial liabilities at amortised cost classified as trade and other payables			
Trade and other payables			
▪ Total current		27,538	15,117
Financial liabilities as trade and other payables	22	<u>27,538</u>	<u>15,117</u>

### Note 13: Provisions

		Company 2011 \$	Company 2010 \$
CURRENT			
Employee entitlements		-	-
NON-CURRENT			
Employee entitlements		-	-
a) Movements			
Annual leave			
Balance at beginning of year		-	5,509
Accrued during the year		-	5,809
Utilised during the year		-	(11,318)
Balance at end of year		<u>-</u>	<u>-</u>
Long service leave			
Balance at beginning of year		-	357
Utilised during the year		-	(357)
Balance at end of year		<u>-</u>	<u>-</u>

## Notes to the Financial Statements

### Note 14: Issued Capital

	Note	Company 2011 \$	Company 2010 \$
Ordinary shares fully paid	14a	35,445,634	35,468,434
Options	14b	2,437,911	2,437,911
		<u>37,883,545</u>	<u>37,906,345</u>

	Note	2011 No. of shares	\$	2010 No. of shares	\$
<b>a) Ordinary Shares</b>					
At the beginning of the reporting period		1,130,959,057	35,468,434	255,350,452	33,830,996
Shares issued during the year		-	-	875,608,605	1,792,230
Exercise of options		1,100,008	2,200	-	-
Transaction costs relating to share issues		-	(25,000)	-	(154,792)
At the end of the reporting period		<u>1,132,059,065</u>	<u>35,445,634</u>	<u>1,130,959,057</u>	<u>35,468,434</u>

	Note	2011 No. of options	\$	2010 No. of options	\$
<b>b) Options</b>					
At the beginning of the reporting period		421,653,023	2,437,911	3,000,000	2,437,911
Issued during the year	14b(i)	-	-	418,653,023	-
Exercised during the year		(1,100,008)	-	-	-
Expired during the year	14b(ii)	(3,000,000)	-	-	-
At the end of the reporting period		<u>417,553,015</u>	<u>2,437,911</u>	<u>421,653,023</u>	<u>2,437,911</u>

## Notes to the Financial Statements

### Note 14: Issued Capital (cont'd)

	Date	Details	Number	Issue Price	
				\$	\$
(i)	26/10/10	Issue of SLTO options exercisable at \$0.002 on or before 31 July 2013	293,653,015	-	-
	09/11/10	Issue of SLTO options exercisable at \$0.002 on or before 31 July 2013	31,250,008	-	-
	22/12/10	Issue of SLTO options exercisable at \$0.002 on or before 31 July 2013	93,750,000	-	-
			<u>418,653,023</u>		<u>-</u>
(ii)	5/8/11	Expiry of SLTO options exercisable at \$0.00 after average closing price is equal or greater than \$0.06 over a period of 15 trading days expiring on 5 August 2011	<u>3,000,000</u>	<u>-</u>	<u>-</u>

#### c) Capital Management

Management controls the capital of the Company in order to maintain a good debt to equity ratio, provide the shareholders with adequate returns and ensure that the Company can fund its operations and continue as a going concern.

The Company's debt and capital includes ordinary share capital and financial liabilities, supported by financial assets.

There are no externally imposed capital requirements.

Management effectively manages the Company's capital by assessing the Company's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

There have been no changes in the strategy adopted by management to control the capital of the Company since the prior year. The gearing ratio for the year ended 30 June 2011 and 30 June 2010 are as follows:

	Note	Company 2011 \$	Company 2010 \$
Total borrowings	12	27,538	15,117
Less cash and cash equivalents	8	(775,667)	(1,426,759)
Net debt		(748,129)	(1,411,642)
Total equity		812,588	1,509,781
Total capital		<u>64,459</u>	<u>98,139</u>



## Notes to the Financial Statements

### Note 15: Leasing Commitments

There are no leasing commitments (2010: nil).

Under the proposed acquisition of Indigo Metals the Company will assume annual licensing commitments associated with the mining exploration properties however there are no formal lease commitments.

### Note 16: Contingent Liabilities

There are no contingent liabilities (2010: nil).

### Note 17: Operating Segments

Management has determined the operating segments based on the reports reviewed by the board of directors that are used to make strategic decisions. The company does not have any operating segments with discrete financial information. The company does not have any customers and all the company's assets and liabilities are located within Australia. The Board of Directors review internal management reports on a monthly basis that is consistent with the information provided in the statement of comprehensive income, statement of financial position and statement of cash flows. As a result no reconciliation is required because the information as presented is what is used by the Board to make strategic decisions.

In line with the signing of the Heads of Agreement of 19 December 2011, going forward the Company intends to operate in an alternate business and geographical segment, being mineral exploration only in the United Republic of Tanzania. This will be the only segment in which it will be operating.

### Note 18: Cash Flow Information

	Company 2011 \$	Consolidated 2010 \$
<b>a) Reconciliation of Cash Flow from Operations with Loss after Income Tax</b>		
Loss after income tax	(674,393)	(414,186)
Non-cash flows in profit		
Depreciation	-	-
Loss of sale of investments	-	-
Net gain on disposal of controlled entities	-	(16,150)
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries		
(Increase)/decrease in trade and other receivables	33,679	(94,289)
Decrease in trade payables and accruals	12,421	(67,407)
Decrease in provisions	-	-
Cash flows from operations	<u>(628,292)</u>	<u>(592,032)</u>

## Notes to the Financial Statements

### Note 18: Cash Flow Information (cont'd)

	Company 2011 \$	Consolidated 2010 \$
<b>b) Disposal of Entities</b>		
There was no disposal of any entities this year. During the previous year the controlled entities Hepgenics Pty Ltd and Picoral Pty Ltd were sold. Aggregate details of this transaction are:		
Disposal price (set off a payable to the buyer)	-	24,000
Cash consideration	-	-
Assets and liabilities held at disposal date:		
Cash and cash equivalents	-	7,850
Net gain on disposal	-	16,150
Net cash outflow	-	(7,850)

### Note 19: Share-Based Payments

The Company established the Select Vaccines Employees', Directors' and Consultants' Share and Option Plan on 22 April 2005. All employees, directors and consultants are eligible to participate in the plan.

#### i. Compensation Practices

The Company is committed to remunerating its senior executives in a manner that is market-competitive and consistent with 'best practice' as well as supporting the interests of shareholders. Senior executives may receive a remuneration package based on fixed and variable components, determined by their position and experience. Shares and/or options may also be granted based on an individual's performance, with those granted to directors subject to shareholder approval.

Non-executive directors are paid their fees out of the maximum aggregate amount approved by shareholders for the remuneration of non-executive directors. Non-executive directors do not receive performance based bonuses and do not participate in equity schemes of the Company without prior shareholder approval.

The Company does not have a remuneration and nomination committee that administers the Company's remuneration policy.

No options were issued during 2011 (2010: nil)

### Note 20: Events After The Reporting Period

No matters or circumstances have arisen since the end of the year which have significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state or affairs of the Company in subsequent financial periods.

## Notes to the Financial Statements

### Note 21: Related Party Transactions

The Heads of Agreement allows for the Company to acquire from Indigo Metals (Indigo) 100% of the issued capital of two Mauritian entities, Panama Resources Limited (Panama) and Shira Resources Limited (Shira). Panama owns 99.999% of Tanzanian subsidiary WTF Resources and Shira owns 99.999% of Tanzanian subsidiary IBIS Resources that together own 100% of the exploration licenses that will be acquired by the Company.

The Directors of Select own 76% of Indigo Metals.

Mr Mark Titchener is a Director of Indigo, Panama, Shira, WTF and Ibis, whilst Mr Ian Macliver is a Director of Panama, Shira, WTF and Ibis.

The Agreement to acquire 100% of the issued capital of Panama and Shira is made up of consideration as follows:

1. AUD\$20,000 upon execution of the SSA;
2. AUD\$580,000 cash payable at completion;
3. 1,475,000,000 million fully paid ordinary shares (on a pre-consolidated basis) issued at completion;
4. 2,500,000,000 Performance shares to be issued on the basis that they convert to 250 million ordinary shares (on a pre-consolidated basis) per 100 million tonnes of a JORC Inferred coal Resource defined on the Projects, within 5 years of the date of the Agreement up to a capped limit of 1 billion tonnes of coal. The conversion of the performance shares is pro-rated as further JORC inferred resources are confirmed up to the cap limit.
5. 2,500,000,000 Performance shares to be issued on the basis that they convert to 250 million ordinary shares (on a pre-consolidated basis) per 5 million pounds of a JORC Inferred uranium Resource defined on the Projects, within 5 years of the date of the Agreement up to a capped limit of 50 million pounds of uranium. The conversion of the performance shares is pro-rated as further JORC inferred resources are confirmed up to the cap limit.

The remuneration paid to key management personnel is disclosed in Note 5.

Ian Macliver is the Managing Director of Grange Consulting which received \$78,759 for company secretarial fees in 2011. In addition Grange received \$25,000 in December 2011 for corporate advisory fees in relation to the Heads of Agreement with Indigo Metals.

Cherie Leeden received \$12,500 in consulting fees from Select Vaccines (via Cypress Management Services to her nominated company Podgora Resources Pty Ltd). Ms Leeden was also reimbursed \$16,596 in travel and legal expenses in 2011.

### Note 22: Financial Risk Management

The Company's financial instruments consist mainly of deposits with banks and accounts payable.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

## Notes to the Financial Statements

### Note 22: Financial Risk Management (cont'd)

	Note	Company 2011 \$	Consolidated 2010 \$
<b>Financial Assets</b>			
Cash and cash equivalents	8	775,667	1,426,759
<b>Total Financial Assets</b>		<b>775,667</b>	<b>1,426,759</b>
<b>Financial Liabilities</b>			
Financial liabilities at amortised cost			
a) Trade and other payables	12	27,538	15,117
<b>Total Financial Liabilities</b>		<b>27,538</b>	<b>15,117</b>

#### Financial Risk Management Policies

The Board of Directors is responsible for monitoring and managing financial risk exposures of the Company. The board monitors the Company's financial risk management policies and exposures and approves financial transactions. It also reviews the effectiveness of internal controls relating to counterparty credit risk, financing risk and interest rate risk.

The board's overall risk management strategy seeks to assist the Company in meeting its financial targets, while minimising potential adverse effects on financial performance. Its functions include the review of the credit risk policies and future cash flow requirements.

#### Specific Financial Risk Exposures and Management

The main risks the Company is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk.

##### a) Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Company.

Credit risk is managed through the maintenance of procedures (such procedures include the utilisation of systems for the approval, granting and renewal of credit limits, regular monitoring of exposures against such limits and monitoring of the financial stability of significant customers and counterparties), ensuring to the extent possible, that customers and counterparties to transactions are of sound credit worthiness. Such monitoring is used in assessing receivables for impairment. Depending on the division within the Company, credit terms are generally 30 to 60 days from the invoice date.

Risk is also minimised through investing surplus funds in financial institutions that maintain a high credit rating.

## Notes to the Financial Statements

### Note 22: Financial Risk Management (cont'd)

#### Credit Risk Exposures

The maximum exposure to credit risk by class of recognised financial assets at reporting date is equivalent to the carrying value and classification of those financial assets (net of any provisions) as presented in the statement of financial position.

The Company has no significant concentration of credit risk with any single counterparty or group of counterparties, except the Australian Taxation Office.

Trade and other receivables that are neither past due or impaired are considered to be of high credit quality.

Credit risk related to balances with banks and other financial institutions is managed by the board in accordance with approved board policy. The following table provides information regarding the credit risk relating to cash and money market securities based on Standard & Poor's counterparty credit ratings.

		<b>Company 2011 \$</b>	<b>Company 2010 \$</b>
Cash and cash equivalents			
— AAA Rated	8	775,667	1,426,759
		<u>775,667</u>	<u>1,426,759</u>

#### b) Liquidity risk

Liquidity risk arises from the possibility that the Company might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Company manages this risk through the following mechanisms:

- preparing forward looking cash flow analysis in relation to its operational, investing and financing activities;
- obtaining funding from a variety of sources;
- maintaining a reputable credit profile;
- managing credit risk related to financial assets;
- only investing surplus cash with major financial institutions; and
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

The tables below reflect an undiscounted contractual maturity analysis for financial liabilities.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates and does not reflect management's expectations that banking facilities will be rolled forward.

## Notes to the Financial Statements

### Note 22: Financial Risk Management (cont'd)

#### Financial Liability and Financial Asset Maturity Analysis

	Within 1 Year		1 to 5 Years		Over 5 Years		Total	
	2011	2010	2011	2010	2011	2010	2011	2010
Company	\$	\$	\$	\$	\$	\$	\$	\$
<b>Financial liabilities due for payment</b>								
Trade and other payables (excluding est. annual leave)	27,538	15,117	-	-	-	-	27,538	15,117
Total contractual outflows	27,538	15,117	-	-	-	-	27,538	15,117
Total expected outflows	27,538	15,117	-	-	-	-	27,538	15,117
<b>Financial assets — cash flows realisable</b>								
Cash and cash equivalents	775,667	1,426,759	-	-	-	-	775,667	1,426,759
Total anticipated inflows	775,667	1,426,759	-	-	-	-	775,667	1,426,759
Net inflow on financial instruments	748,129	1,411,642	-	-	-	-	748,129	1,411,642

#### c) Market Risk

##### i. Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The Company is also exposed to earnings volatility on floating rate instruments.

#### Sensitivity Analysis

The following table illustrates sensitivities to the Company's exposures to changes in interest rates. The table indicates the impact on how profit and equity values reported at reporting date would have been affected by changes in the relevant risk variable that management considers to be reasonably possible. These sensitivities assume that the movement in a particular variable is independent of other variables.

	Company 2011 \$	Consolidated 2010 \$
<b>Year ended 31 December 2011</b>	\$	\$
+/-1% in interest rates	+/- 7,757	
<b>Year ended 31 December 2010</b>		
+/-1% in interest rates		+/- 14,268

## Notes to the Financial Statements

### Note 22: Financial Risk Management (cont'd)

ii. Price risk

The Company is not exposed to significant price risk.

#### Net Fair Values

##### *Fair value estimation*

The fair values of financial assets and financial liabilities are presented in the following table and can be compared to their carrying values as presented in the statement of financial position. Fair values are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Fair values derived may be based on information that is estimated or subject to judgment, where changes in assumptions may have a material impact on the amounts estimated.

Company	Foot note	2011		2010	
		Net Carrying Value \$	Net Carrying Value \$	Net Carrying Value \$	Net Fair Value \$
Financial assets					
Cash and cash equivalents	(i)	775,667	775,667	1,426,759	1,426,759
Total financial assets		775,667	775,667	1,426,759	1,426,759
Financial liabilities					
Trade and other payables	(i)	27,538	27,538	15,117	15,117
Total financial liabilities		27,538	27,538	15,117	15,117

(i) The fair values disclosed in the above table have been determined based on the following methodologies:

Cash and cash equivalents and trade and other payables are short-term instruments in nature whose carrying value is equivalent to fair value. Trade and other payables exclude amounts provided for annual leave, which is not considered a financial instrument.

### Note 23: Discontinued Operations

On 10 September 2010, the Company announced its decision to dispose of Hepgenics Pty Ltd and Picoral Pty Ltd.

This announcement was made subsequent to approval by the Company's management and shareholders. The subsidiaries were sold on 10 September 2010.

Financial information relating to the discontinued operations to the date of disposal is set out below.

## Notes to the Financial Statements

### Note 23: Discontinued Operations (cont'd)

The financial performance of the discontinued operations to the date of sale which is included in profit/(loss) from discontinued operations per the statement of comprehensive income is as follows:

	Company 2011 \$	Consolidated 2010 \$
Revenue	-	-
Expenses	-	240
Loss before income tax	-	(240)
Income tax expense	-	-
Loss attributable to members of the parent entity	-	(240)

The net cash flows of the discontinuing division which have been incorporated into the statement of cash flows are as follows:

Net cash outflow from operating activities	-	(240)
Net cash inflow from investing activities	-	-
Net cash inflow from financing activities	-	-
Net cash decrease in cash generated by the discontinuing operations	-	(240)

Loss on disposal of the subsidiaries is included in loss from discontinued operations per the statement of comprehensive income.

### Note 24: Parent Information

The following information has been extracted from the book and records of the parent and has been prepared in accordance with the accounting standards.

	2011 \$	2010 \$
<b>Statement of Financial Position</b>		
Assets		
Current assets	840,126	1,524,898
Total assets	840,126	1,524,898
Liabilities		
Current liabilities	27,538	15,117
Total liabilities	27,538	15,117
Equity		
Issued capital	37,883,545	37,906,345
Accumulated losses	(37,070,957)	(36,396,564)
Total equity	812,588	1,509,781



## **Notes to the Financial Statements**

### **Note 25: Company Details**

The registered office of the company is:

Select Vaccines Limited  
C/- Grange Consulting Group Pty Ltd  
945 Wellington Street  
WEST PERTH WA 6005

The principal place of business is:

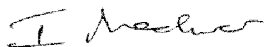
Select Vaccines Limited  
945 Wellington Street  
WEST PERTH WA 6005

## Directors' Declaration

In the Directors' opinion:

- a) the financial statements, comprising the statement of comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity and accompanying notes, are in accordance with the Corporations Act 2001, and:
  - i. comply with Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and
  - ii. give a true and fair view of the financial position as at 31 December 2011 and of the performance for the year ended on that date of the Company;
- b) In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



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**Director**

**29 February 2012**

## Corporate Governance

### Corporate Governance Statement

In fulfilling its obligations and responsibilities to its various stakeholders, the Board is a strong advocate of corporate governance. This statement outlines the principal corporate governance procedures of Select Vaccines Limited. ("Select" or "Company") The Board of Directors ("Board") supports a system of corporate governance to ensure that the management of Select is conducted to maximise shareholder wealth in a proper and ethical manner.

### ASX Corporate Governance Council Recommendations

The Board has adopted corporate governance policies and practices consistent with the ASX Corporate Governance Council's Principles of Good Corporate Governance and Best Practice Recommendations ("ASX Principles and Recommendations 2nd Edition") where considered appropriate for a company of Select's size and nature. Such policies include, but are not limited to the Board Charter, Board Committee Charters, Code of Conduct, Trading in Securities, Continuous Disclosure, Shareholder Communication and Risk Management Policies. Further details in respect to the Company's corporate governance practices are summarised below.

The Board sets out below its "if not why not" approach where the Company's practice departs from the Recommendations. All Recommendations have been applied for the financial year ended 31 December 2011 unless set out below:

#### Principle 2 Recommendation 2.4

**Notification of Departure: A separate nomination committee has not been formed.**

**Explanation of Departure:** Requires listed entities to establish a nomination committee. Given the current size of the Board and the Company, the Board considers that this function is efficiently achieved with full Board support, in accordance with the guidelines set out in the Board's Charter.

#### Principle 3 Recommendation 3.2

**Notification of Departure: A Diversity Policy has not been established.**

**Explanation for Departure:** Due to the nature of Select's activities it was not deemed appropriate to allocate resources to the formal development of a Diversity Policy. The Board however remains committed to developing a diversity policy once the scale of operations and size of the workforce increase.

#### Principle 3 Recommendation 3.3

**Notification of Departure: Measurable objectives for achieving gender diversity have not been disclosed.**

**Explanation for Departure:** There have been no measurable objectives for gender diversity established for the year ended 31 December 2011 due to both the small size of the Company during this period (it had 4 board members and no employees) and the absence of a formal Diversity Policy.

## Corporate Governance (continued)

### Principle 4 Recommendation 4.1

**Notification of Departure: A separate audit committee has not been formed.**

**Explanation for Departure:** Requires listed entities to establish a separate audit committee. Given the current size of the Company, the Board considers that this function is efficiently achieved by the full board in accordance with the guidelines set out in the Board's Charter and the Audit Committee Charter. The full Board conducts a review of the Company's financial statements at each financial reporting date and liaises with the Company's auditors as necessary.

### Principle 8 Recommendation 8.1

**Notification of Departure: There was no separate remuneration committee.**

**Explanation for Departure:** Requires listed entities to establish a nomination committee. Given the current size of the Board and the Company, the Board considers that this function is efficiently achieved with full Board support, in accordance with the guidelines set out in the Board's Charter.

In addition, all matters of remuneration will continue to be determined in accordance with Corporations Act requirements, especially in respect of related party transactions. That is, no directors participate in any deliberations regarding their own remuneration or related issues.

### **Roles of the Board and Management**

The Board considers that the essential responsibilities of the Directors are to oversee Select's activities for the benefit of its shareholders, employees and other stakeholders and to protect and enhance shareholder value.

The Board has a Charter, which clearly establishes the relationship between the Board and management and describes their functions and responsibilities.

The key responsibilities of the Board include:

- contributing to the development of and approving corporate strategy;
- appoint and review the performance of the Executive Director/ chief executive officer;
- reviewing and approving business plans, the annual budget and financial plans including available resources and major capital expenditure initiatives;
- arrange for effective budgeting and financial supervision;
- ensure that effective and appropriate reporting systems in place will, in particular, assure the Board that financial, operational, compliance and risk management controls function adequately;
- ensure that appropriate audit arrangements are in place; and
- reporting to shareholders.

## **Corporate Governance (continued)**

### **Board Structure**

The composition of the Board shall be determined in accordance with the following principles and guidelines:

- the Board shall comprise at least 3 Directors, increasing where additional expertise is considered desirable in certain areas;
- the Chairman should be non-executive;
- the Board should not comprise a majority of Executive Directors and
- Directors should bring characteristics which allow a mix of qualifications, skills and experience.

The terms and conditions of the appointment and retirement of Directors are set out in a letter of appointment which covers remuneration, expectations, terms, the procedures for dealing with conflicts of interest and the availability of independent professional advice.

### **Meetings of the Board**

The Board meets as and when required to consider the business of Select Vaccines Limited, its financial performance and other operational issues.

### **Nomination and Appointment of New Directors**

Recommendations of candidates for new Directors are made by the Board as a whole.

### **Review of Performance**

The Board reviews its performance and composition on an annual basis to ensure that it has the appropriate mix of expertise and experience. Given the size and nature of the Company's activities the Board reviews the performance of Directors and the composition of the Board, at regular intervals during the year, or as deemed necessary.

### **Directors' Remuneration**

The remuneration of non-executive Directors is different to that of executives. Executive Directors receive a salary and may receive other benefits.

Non-executive Directors receive a set fee per annum, in addition to their statutory superannuation entitlements, and are fully reimbursed for any out of pocket expenses necessarily incurred in carrying out their duties. When reviewing Director's fees the Board takes into account any changes in the size and scope of Select's activities. Currently the Non-executive Directors have a \$40,000 set fee.

The Board will review the remuneration and policies applicable to all Directors on an annual basis. Remuneration levels will be competitively set to attract the most qualified and experienced Directors and senior Executives. Where necessary the Board will obtain independent advice on the appropriateness of remuneration packages.

The structure and disclosure of the Company's remuneration policies for Directors are set out in the Directors Report.

## **Corporate Governance (continued)**

### **Board Access to Information**

All Directors have unrestricted access to all employees of the Company and, subject to the law, access to all Company records and information held by an employees and/or external advisers. The Board receives regular detailed financial and operational reports to enable it to carry out its duties.

Each Director may, with the prior written approval of the Chairman, obtain independent professional advice to assist the Director in the proper exercise of powers and discharge of duties as a Director or as a member of a Board Committee. The Company will reimburse the Director for the reasonable expense of obtaining that advice.

### **Board Committees**

The Board, where appropriate, may establish a number of committees to assist in carrying out its responsibilities in an effective and efficient manner.

#### **1. Nomination Committee**

The full Board carries out the role of the nomination committee. The full Board did not officially convene as a nomination committee during the Reporting Period, however nomination related discussions occurred from time to time during the year as required.

#### **2. Audit Committee**

The full Board carries out the role of an audit committee. The full Board did not officially convene as an audit committee during the Reporting Period, however audit related discussions occurred from time to time during the year as required. Details of each of the director's qualifications are set out in the Director's Report.

All of the directors consider themselves to be financially literate and have industry experience.

##### **2.1 Audit Process**

As part of the Company's commitment to safeguarding integrity in financial reporting, Select's accounts are subject to annual audit by an independent, professional auditor, who also reviews the half-yearly accounts. The Auditor attends and is available to answer questions at the Company's annual general meetings.

##### **2.2 Auditor Independence**

The Company has implemented procedures to monitor the independence and competence of the Company's external auditors. Details of the amounts paid for both audit work and non-audit services are set out in this annual report.

The Board requires that adequate hand-over occurs in the year prior to rotation of an audit partner to ensure an efficient and effective audit under the new partner.

## **Corporate Governance (continued)**

### **3. Remuneration Committee**

Details of remuneration, including the Company's policy on remuneration, are contained in the "Remuneration Report" which forms of part of the Directors' Report.

The full Board did not officially convene as a remuneration committee during the Reporting Period, however remuneration related discussions occurred from time to time during the year as required.

### **Share Trading**

Under the Company's Share Trading Policy, all employees and Directors of the Company are prohibited from trading in the Company's shares or other securities if they are in possession of "inside information". Subject to this condition and in light of the ASX's continuous disclosure requirements, trading can occur at any time but subject to conditions surrounding periods prior to the publication of financial results and disclosure documents.

The Company understands and respects that timely disclosure of price sensitive information is central to the efficient operation of the ASX's securities market and has adopted a comprehensive policy covering announcements to the Australian Securities Exchange, prevention of selective or inadvertent disclosure, conduct of investor and analysts briefings, media communications, commenting on expected earnings, communications black-out periods and review of briefings and communications. The policy is reviewed periodically and updated as required.

The Company Secretary has responsibility for overseeing and coordinating disclosure of information to the Australian Securities Exchange. The Secretary also liaises with the Executive Director in relation to continuous disclosure matters. The Executive Director is responsible for overseeing and coordinating disclosure of information to analysts, brokers and shareholders.

### **Ethical Standards**

All Directors, executives and employees are charged with the responsibility to act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the Company.

It is the Board's responsibility to ensure that all staff are aware of the Company's Code of Conduct and to ensure that any individual who does not adhere to these ideals is dealt with appropriately by executive management. Appropriate action may be counselling, disciplinary action or termination of employment. The Board is responsible for setting the tone of legal, ethical and moral conduct to ensure that the Company is considered reputable by the industry and other outside entities. This involves considering the impact of the Company's decisions on the industry, colleagues and the general community.

### **Communications with Shareholders**

The Board aims to ensure that shareholders are kept informed of all major developments affecting Select Vaccines Limited. Information is communicated to shareholders through the distribution of annual reports; and by presentation to shareholders at the Annual General Meeting, which they are encouraged to attend. In addition, all reports and releases made by Select Vaccines Limited throughout the year with respect to its activities are distributed widely via the Australian Securities Exchange.

## Corporate Governance (continued)

### 4. Diversity

#### Diversity Policy

The Board confirms that any board, senior management and consulting positions will be filled by the best candidates without discrimination to their gender, ethnicity, age, religion, disability, origin or sexual orientation, and upon any significant increase in the level of operations a Diversity Policy will be implemented by Select, with measurable objectives set by the Board, and this Diversity Policy will be made available for public viewing on the Company's website.

The following table exhibits Selects gender diversity at 31 December 2011:

	31 December 2011	%
Women on the Board	1	25
Women in Senior Management	0	n/a
Women employees in total	0	n/a

1. There were no other employees of select in 2011 apart from the Directors.



## Corporate Governance (continued)

*Principles of Good Corporate Governance and Best Practice Recommendations*  
(*"ASX Principles and Recommendations 2nd Edition"*)

### **Principle 1 – Lay solid foundations for management and oversight**

Companies should establish and disclose the respective roles and responsibilities of board and management.

- Recommendation 1.1: Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.
- Recommendation 1.2: Companies should disclose the process for evaluating the performance of senior executives.
- Recommendation 1.3: Companies should provide the information indicated in the Guide to reporting on Principle 1.

### **Principle 2 – Structure the board to add value**

Companies should have a board of an effective composition, size and commitment to adequately discharge its responsibilities and duties.

- Recommendation 2.1: A majority of the board should be independent directors.
- Recommendation 2.2: The chair should be an independent director.
- Recommendation 2.3: The roles of chair and chief executive officer should not be exercised by the same individual.
- Recommendation 2.4: The board should establish a nomination committee.
- Recommendation 2.5: Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.
- Recommendation 2.6: Companies should provide the information indicated in the Guide to reporting on Principle 2.

### **Principle 3 – Promote ethical and responsible decision-making**

Companies should actively promote ethical and responsible decision-making.

- Recommendation 3.1: Companies should establish a code of conduct and disclose the code or a summary of the code as to:
  - the practices necessary to maintain confidence in the Company's integrity
  - the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders
  - the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.
- Recommendation 3.2: Companies should establish a policy concerning trading in Company Securities by directors, senior executives and employees, and disclose the policy or a summary of that policy.
- Recommendation 3.3: Companies should provide the information indicated in the Guide to reporting on Principle 3.

## **Corporate Governance (continued)**

### **Principle 4 – Safeguard integrity in financial reporting**

Companies should have a structure to independently verify and safeguard the integrity of their financial reporting.

- Recommendation 4.1: The board should establish an audit committee.
- Recommendation 4.2: The audit committee should be structured so that it:
  - consists only of non-executive directors
  - consists of a majority of independent directors
  - is chaired by an independent chair, who is not chair of the board
  - has at least three members.
- Recommendation 4.3: The audit committee should have a formal charter.
- Recommendation 4.4: Companies should provide the information indicated in the Guide to reporting on Principle 4.

### **Principle 5 – Make timely and balanced disclosure**

Companies should promote timely and balanced disclosure of all material matters concerning the Company.

- Recommendation 5.1: Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.
- Recommendation 5.2: Companies should provide the information indicated in the Guide to reporting on Principle 5.

### **Principle 6 – Respect the rights of shareholders**

Companies should at all times respect the rights of shareholders of the Company.

- Companies should respect the rights of shareholders and facilitate the effective exercise of those rights.
- Recommendation 6.1: Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.
- Recommendation 6.2: Companies should provide the information indicated in the Guide to reporting on Principle 6.

### **Principle 7 – Recognise and manage risk**

Companies should have a structure in place to recognise and manage risk.

- Companies should establish a sound system of risk oversight and management and internal control.
- Recommendation 7.1: Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.
- Recommendation 7.2: The board should require management to design and implement the risk management and internal control system to manage the Company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks.

## Corporate Governance

### Principle 7 – Recognise and manage risk (cont.)

- Recommendation 7.3: The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.
- Recommendation 7.4: Companies should provide the information indicated in the Guide to reporting on Principle 7.

### Principle 8 – Remunerate fairly and responsibly

Companies should ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to performance is clear.

- Recommendation 8.1: The board should establish a remuneration committee.
- Recommendation 8.2: Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.
- Recommendation 8.3: Companies should provide the information indicated in the Guide to reporting on Principle 8

## ASX Additional Information

Additional information required by the ASX Limited Listing Rules not disclosed elsewhere in this Annual Report is set out below.

### 1. Shareholdings

The issued capital of the Company as at 5 April 2012 is 1,132,109,065 ordinary fully paid shares, and 417,503,015 listed options (\$0.002 cents, 31 July 2013). All issued ordinary fully paid shares carry one vote per share.

#### Ordinary Shares

Shares Range	Holders	Units	%
1-1,000	530	106,988	0.01
1,001-5,000	199	499,569	0.04
5,001-10,000	102	855,288	0.08
10,001-100,000	363	17,002,556	1.50
100,001-and over	661	1,113,644,664	98.37
<b>Total</b>	<b>1,855</b>	<b>1,132,109,065</b>	<b>100</b>

#### Unmarketable Parcels

There were 1,152 holders of less than a marketable parcel of ordinary shares.

#### Listed Options (\$0.002 cents, 31 July 2013)

Shares Range	Holders	Units	%
1-1,000	21	7,158	.002
1,001-5,000	23	74,849	.02
5,001-10,000	11	89,178	.02
10,001-100,000	69	3,413,323	.82
100,001-and over	187	413,918,507	99.14
<b>Total</b>	<b>311</b>	<b>417,503,015</b>	<b>100</b>

## ASX Additional Information (continued)

### 2. Top 20 Shareholders as at 5 April 2012

	Name	Number	%
1	CYPRESS SECURITIES PTY LTD	96,750,461	8.55%
2	JASPER HILL RESOURCES PTY LTD	56,500,000	4.99%
3	CORNELA PTY LTD	55,500,461	4.90%
4	SEVENTY THREE PTY LTD	55,500,461	4.90%
5	ROVUMA INVESTMENTS LTD	41,750,462	3.69%
6	KINGSLANE PTY LTD	41,240,079	3.64%
7	BT PORTFOLIO SERVICES LIMITED	15,072,000	1.33%
8	OCTIFIL PTY LTD	12,849,525	1.14%
9	CITICORP NOMINEES PTY LIMITED	10,879,544	0.96%
10	MELVILLE AG & ES	10,000,000	0.88%
11	ELBERTON DEVELOPMENTS PTY LTD	10,000,000	0.88%
12	MAMBAT PTY LTD	8,000,000	0.71%
13	DEEPPDENE SUPERANNUATION PTY	7,953,853	0.70%
14	MAGAUITE PTY LTD	7,500,000	0.66%
15	LODGE INVESTMENT HOLDINGS PTY LTD	6,913,028	0.61%
16	MR CLAYTON HINKLEY	6,650,000	0.59%
17	MIANER PTY LIMITED	6,495,003	0.57%
18	HSBC CUSTODY NOM AUST LTD	6,333,515	0.56%
19	SCULLION BEAU PETER	6,250,000	0.55%
20	HOPPSCOTCH PTY LTD	6,005,200	0.53%
		<b>468,143,592</b>	<b>41.34%</b>

## ASX Additional Information (continued)

### 3. Top 20 Option holders as at 5 April 2012

	Name	Number	%
1	KINGSLANE PTY LTD	36,786,706	8.81%
2	CORNELA PTY LTD	26,083,564	6.25%
3	CHEETAH HOLDINGS PTY LTD	24,208,564	5.80%
4	CYPRESS SECURITIES PTY LTD	22,500,000	5.39%
5	JASPER HILL RESOURCES PTY LTD	20,708,564	4.96%
6	ROVUMA INVESTMENTS LTD	19,208,564	4.60%
7	BAHEN MR MARK JOHN & MP	12,375,231	2.96%
8	LODGE INVESTMENT HOLDINGS PTY	11,220,607	2.69%
9	BLU BONE PTY LTD	10,875,231	2.60%
10	SEVENTY THREE PTY LTD	10,000,000	2.40%
11	CALAMA HOLDINGS PTY LTD	10,000,000	2.40%
12	STOLIGOR PTY LTD	8,830,000	2.11%
13	WALKER MALCOLM R & TL	8,500,000	2.04%
14	KOBIA HOLDINGS PTY LTD	8,375,231	2.01%
15	MR MATTHEW DAVID BURFORD	8,100,005	1.94%
16	MR IAN THOMPSON &	6,800,000	1.63%
17	HOPPSCOTCH PTY LTD	5,002,600	1.20%
18	SYMINGTON PTY LTD	4,785,000	1.15%
19	MR BIN LIU	4,357,896	1.04%
20	OCTIFIL PTY LTD	4,283,175	1.03%
		<b>263,000,398</b>	<b>63.01 %</b>

### 4. Substantial Shareholders as at 5 April 2012

	Name	Number	%
1	Mr Mark Titchener	96,750,461	8.55

### 5. Restricted Securities subject to escrow period

There are no restricted securities subject to escrow.

29 February 2012

The Board of Directors  
Select Vaccines Limited  
945 Wellington Street  
WEST PERTH WA 6005

Dear Sirs,

**DECLARATION OF INDEPENDENCE BY PETER TOLL TO THE DIRECTORS OF  
SELECT VACCINES LIMITED**

As lead auditor of Select Vaccines Limited for the year ended 31 December 2011, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.



**Peter Toll**  
Director

**BDO Audit (WA) Pty Ltd**  
Perth, Western Australia

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SELECT VACCINES LIMITED

### Report on the Financial Report

We have audited the accompanying financial report of Select Vaccines Limited, which comprises the statement of financial position as at 31 December 2011, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

### Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

### Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Select Vaccines Limited, would be in the same terms if given to the directors as at the time of this auditor's report.



## Opinion

In our opinion:

- (a) the financial report of Select Vaccines Limited is in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the company's financial position as at 31 December 2011 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

## Emphasis of Matter

Without modifying our opinion, we draw attention to Note 1 (m) in the financial report, which indicates that the company incurred a net loss of \$674,393 during the year ended 31 December 2011. The company will be required to seek additional funding through debt, equity or other means to continue its activities. These conditions, along with other matters as set forth in Note 1 (m), indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern and therefore, the Company may be unable to realise its assets and discharge its liabilities in the normal course of business.

## Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 31 December 2011. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

## Opinion

In our opinion, the Remuneration Report of Select Vaccines Limited for the year ended 31 December 2011 complies with section 300A of the *Corporations Act 2001*.

**BDO Audit (WA) Pty Ltd**



**Peter Toll**  
Director

Perth, Western Australia  
Dated this 29<sup>th</sup> day of February 2012