

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

POST-EFFECTIVE AMENDMENT NO. 1 TO
FORM F-6
REGISTRATION STATEMENT
UNDER

THE SECURITIES ACT OF 1933 FOR AMERICAN DEPOSITARY SHARES EVIDENCED BY
AMERICAN DEPOSITARY RECEIPTS

PSIVIDA LIMITED

(Exact name of issuer of deposited securities as specified in its charter)

N/A

(Translation of issuer's name into English)

Western Australia, Commonwealth of Australia
(Jurisdiction of incorporation or organization of issuer)

CITIBANK, N.A.

(Exact name of depositary as specified in its charter)

399 Park Avenue
New York, New York 10043
(212) 816-6690

(Address, including zip code, and telephone number, including area code,
of depositary's principal executive offices)

Corporation Service Company
1133 Avenue of the Americas, Suite 3100
New York, New York 10036
Attn: Merryl Wiener Assistant Vice President
Telephone: (212) 299-5600

(Name, address, including zip code, and telephone number, including area code,
of agent for service)

Copies to:

Mary E. Weber, Esq.
Ropes & Gray LLP
One International Place
Boston, Massachusetts 02110
Telephone: (617) 951-7391

Herman H. Raspe, Esq.
Patterson Belknap Webb & Tyler LLP
1133 Avenue of the Americas
New York, New York 10036
Telephone: (212) 336-2101

Deregistration of unissued American Depositary Shares.

The registrant hereby de-registers 59,935,344 American Depositary Shares that were registered under this Registration Statement No. 333-122158, in respect of which no shares have been deposited with the depositary, and which therefore have not been, and will not be, issued.

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 3. EXHIBITS

(a) Deposit Agreement, dated as of January 24, 2005, by and among pSivida Limited (the "Company"), Citibank, N.A., as the depository (the "Depository"), and the Holders and Beneficial Owners of American Depositary Shares ("ADSS") evidenced by American Depositary Receipts ("ADRs") issued thereunder. -- Previously filed as Exhibit (a) to Form F-6 Registration Statement No. 333-122158 and incorporated herein by reference.

(b)(i) Letter Agreement, dated June 11, 2008, by and among the Company, the Depository and Computershare Trust Company National Association. -- Filed herein as Exhibit (b)(i).

(b)(ii) Letter Agreement, dated July 5, 2007, by and between the Company and the Depository. -- Filed herein as Exhibit (b)(ii).

(b)(iii) Letter Agreement, dated May 15, 2007, by and between the Company and the Depository. -- Filed herein as Exhibit (b)(iii).

(b)(iv) Letter Agreement, dated September 14, 2006, by and between the Company and the Depository. -- Filed herein as Exhibit (b)(iv).

(b)(v) Letter Agreement, dated December 30, 2005, by and between the Company and the Depository. -- Filed herein as Exhibit (b)(v).

(b)(vi) Letter Agreement, dated November 16, 2005, by and between the Company and the Depository. -- Filed herein as Exhibit (b)(vi).

(b)(vii) Letter Agreement, dated August 24, 2005, by and between the Company and the Depository. -- Filed herein as Exhibit (b)(vii).

(c) Every material contract relating to the deposited securities between the Depository and the issuer of the deposited securities in effect at any time within the last three years. -- None.

(d) Opinion of counsel for the Depository as to the legality of the securities to be registered. -- Previously filed as Exhibit (d) to Form F-6 Registration Statement No. 333-122158 and incorporated herein by reference.

(e) Certificate under Rule 466. -- None.

(f) Powers of Attorney for certain officers and directors and the authorized representative of the Company. -- None.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, Citibank, N.A., acting solely on behalf of the legal entity created by the Deposit Agreement, dated as of January 24, 2005, by and among pSivida Limited, Citibank, N.A., as the depository, and the Holders and Beneficial Owners of American Depositary Shares evidenced by American Depositary Receipts issued thereunder, certifies that it has reasonable grounds to believe that all the requirements for filing on Form F-6 are met and has duly caused this Post-Effective Amendment No. 1 to Registration Statement on Form F-6 to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York, State of New York, on the 10th day of June, 2008.

Legal entity created by the Deposit Agreement, dated as of January 24, 2005, by and among pSivida Limited, Citibank, N.A., as the depository, and the Holders and Beneficial Owners of American Depositary Shares evidenced by American Depositary Receipts issued thereunder.

CITIBANK, N.A., solely in its capacity as Depository

By: /s/ Susan A. Lucanto

Name: Susan A. Lucanto
Title: Vice President

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, pSivida Limited certifies that it has reasonable grounds to believe that all the requirements for filing on Form F-6 are met and has duly caused this Post-Effective Amendment No. 1 to Registration Statement on Form F-6 to be signed on its behalf by the undersigned thereunto duly authorized on this 9th day of June of 2008.

PSIVIDA LIMITED

By: /s/ Paul Ashton

Name: Paul Ashton
Title: Managing Director

Pursuant to the requirements of the Securities Act of 1933, as amended, this Post-Effective Amendment No. 1 to Registration Statement has been signed by the following persons in the following capacities on June 9, 2008.

Signature

Title

/s/ David J. Mazzo Non-Executive Chairman

David J. Mazzo

/s/ Paul Ashton Managing Director
(Principal Executive Officer)

Paul Ashton

/s/ Michael J. Soja Vice President, Finance and
Chief Financial Officer (Principal
Accounting Officer)

Michael J. Soja

/s/ Michael Rogers Non-Executive Director

Michael Rogers

/s/ Katherine Woodthorpe Non-Executive Director

Katherine Woodthorpe

/s/ Ann R. Shilling Authorized Representative
in the United States
(Assistant VP)

Corporation Service Company

Index to Exhibits

Exhibit -----	Document -----
(b)(i)	Letter Agreement, dated June 11, 2008.
(b)(ii)	Letter Agreement, dated July 5, 2007.
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(b)(iv)	Letter Agreement, dated September 14, 2006.
(b)(v)	Letter Agreement, dated December 30, 2005.
(b)(vi)	Letter Agreement, dated November 16, 2005.
(b)(vii)	Letter Agreement, dated August 24, 2005.

pSivida Limited
Level 16
190 Queen Street
Melbourne VIC 3000
Australia

June 11, 2008

Citibank - ADR Department
388 Greenwich Street - 14th Floor
New York, New York 10013

Computershare Trust Company N.A.
250 Royall Street
Canton, MA 02021

pSivida Limited - Ordinary Share ADSs

Ladies and Gentlemen:

Reference is hereby made to Section 5.4 of that certain Deposit Agreement, dated as of January 24, 2005 and as amended and supplemented to date (as so amended, the "Deposit Agreement"), by and among pSivida Limited, a company organized under the laws of Western Australia, Commonwealth of Australia (the "Company"), Citibank, N.A., as depositary (the "Depositary"), and all Holders and Beneficial Owners from time to time of American Depositary Shares ("ADS(s)") evidenced by American Depositary Receipts ("ADR(s)") issued thereunder, each ADS issued thereunder representing the right to receive ten (10) ordinary shares, with no par value of the Company (the "Shares"). All capitalized terms used (but not otherwise defined) herein shall have the meanings given to such terms in the Deposit Agreement.

The Company hereby informs the Depositary and Computershare Trust Company National Association ("Computershare") that the scheme of arrangement (the "Scheme of Arrangement") to reincorporate the Company in the US (under the name "pSivida Corp." ("pSivida Corp.)) has become effective. In connection with the Scheme of Arrangement, Shares will be exchanged for new pSivida Corp. voting common shares ("US Shares") on the basis of one US Share for every 40 Shares (i.e. one US Share for every 4 ADSs). In connection with the foregoing, the Company, the Depositary and Computershare agree that, effective in each case as of the open of business in New York on June 13, 2008 (the "Successorship Effective Date") and subject to the conditions and limitations set forth below, Citibank, N.A. shall cease to act as the Depositary under the Deposit Agreement and Computershare shall become the appointed Successor Depositary under the Deposit Agreement (the "Successor Depositary") for the ADSs (including, without limitation, Restricted ADSs) outstanding as of the Successorship Effective Date. The Successor Depositary shall provide limited services related to (i) enabling the exchange of ADSs evidenced by ADRs, in accordance with the terms of the Deposit Agreement of ADSs (including Section 4.11 thereof), for US Shares upon surrender to the Successor Depositary of, the ADRs evidencing ADSs outstanding as of the Successorship Effective Date, and (ii) the termination and unwinding of the ADR facility existing pursuant to the Deposit Agreement upon the terms described below by reference to the applicable escheat periods.

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By signing this Letter Agreement, Citibank, N.A., as the Depository, agrees to (i) transfer all of its rights and powers under the Deposit Agreement to Computershare (other than as contemplated in Sections 5.8, 5.9 and 7.6 of the Deposit Agreement), (ii) duly assign, transfer and deliver, as of the Successorship Effective Date, all of its right, title and interest to and in the Shares held as Deposited Securities under the Deposit Agreement (including any securities, property or cash received in respect thereof but excluding any cash and other distributions held by Citibank, N.A., as Depository, in respect of payments remitted to holders of ADSs outstanding as of the Successorship Effective Date which have not been claimed ("outstanding checks")) to the Successor Depository, and (iii) deliver to Computershare a list of the Holders of all ADSs outstanding, as of the Successorship Effective Date, and all such other books and records maintained by Citibank, N.A. with respect to its function as Depository under the Deposit Agreement. Citibank, N.A. hereby confirms that, while still acting as Depository and immediately prior to the Successor Depository's appointment becoming effective, Citibank, N.A. (w) shall, or shall cause, the Shares held as Deposited Securities to be delivered to Computershare (or its custodian or nominee) in Australia prior to the Successorship Effective Date, (x) shall deliver all ADSs and cash consideration held by Citibank, N.A. in respect of the unexchanged securities identified on Exhibit C (Outstanding Exchanges) hereto, and (y) ensure that any and all Pre-Release Transactions have been terminated and no pre-released ADSs are outstanding, and (z) shall file, or cause to be filed, with the Securities and Exchange Commission before the Successorship Effective Date a Post-Effective Amendment to Registration Statement on Form F-6 substantially in the form attached hereto as Exhibit A, subject to timely receipt of the requisite signature(s) from the Company (if any). Any notices required under the Deposit Agreement as a result of the actions contemplated in this Letter Agreement, the filing of the Post-Effective Amendment referred to above or the contents of any exhibit to such filing, shall be made by Citibank, N.A. (except that the notice of appointment of Computershare as Successor Depository is contemplated to be included in the letter from the Company to be mailed (as described below) by Computershare on or about June 19, 2008 to Holders of ADRs, together with a Letter of Transmittal attached hereto as Exhibit B).

By signing this Letter Agreement, Computershare accepts its appointment as Successor Depository under the Deposit Agreement as of the Successorship Effective Date for the limited purposes set forth herein, agrees to be bound by the terms and conditions of the Deposit Agreement applicable to it in the limited capacity in which it shall provide services thereunder (to the extent modified herein) as of the Successorship Effective Date, and agrees to act as a Successor Depository from and after the Successorship Effective Date for the limited purpose of (x) enabling the exchange of ADSs evidenced by ADRs, in accordance with the terms of the Deposit Agreement (including Section 4.11 thereof), for US Shares upon surrender to the Successor Depository of ADRs evidencing the ADSs outstanding as of the Successorship Effective Date, and (y) terminating and unwinding the ADR facility existing under the Deposit Agreement upon the terms described herein by reference to the applicable escheat periods. Computershare also agrees to mail, as Successor Depository, to Holders of ADSs outstanding as of the Successorship Effective Date the Letter of Transmittal attached hereto as Exhibit B (together with a letter from the Company containing a notice of appointment of Computershare as Successor Depository) promptly after the Successorship Effective Date.

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By signing this Letter Agreement, the Company agrees (i) to waive the requirement in Section 5.4 of the Deposit Agreement that the Successor Depository maintain an office in the Borough of Manhattan, the City of New York, and (ii) that, irrespective of the provisions of the Deposit Agreement, the duties and obligations of the Successor Depository shall be solely limited to (x) enabling the exchange of ADSs evidenced by ADRs, in accordance with the terms of the Deposit Agreement (including Section 4.11 thereof), for US Shares upon surrender to the Successor Depository of ADRs evidencing ADSs outstanding as of the Successorship Effective Date, and (y) terminating and unwinding the ADR facility existing under the Deposit Agreement upon the terms described below. By signing this Letter Agreement, the Company confirms that all convertible notes issued by the Company and convertible into ADSs have been paid in full prior to the date of this Letter Agreement and that all warrants previously issued, exercisable into ADSs and currently outstanding will, from and after June 19, 2008, be exercisable for US Shares with no action being required on the part of the Successor Depository or Citibank, N.A.. Notwithstanding anything to the contrary contained herein or in the Deposit Agreement, Citibank, N.A. shall retain possession, and shall be responsible for the distribution and escheatment in accordance with applicable laws, rules and regulations of, any cash held by it immediately prior to the Successorship Effective Date in respect of which it has issued checks to ADR Holders that are outstanding (excluding any cash held in respect of the Outstanding Exchanges which is being delivered to Computershare). Citibank, N.A. and the Company agree that none of the actions contemplated herein are, and nothing contained herein is, intended, or shall be deemed, to constitute a waiver by Citibank, N.A. of, or otherwise adversely affect, any rights acquired prior to the date of this Letter Agreement to payment or reimbursement or any rights to indemnity Citibank, N.A. may have as of the date hereof under the terms of the Deposit Agreement or any related agreement between Citibank, N.A. and the Company.

Computershare and the Company agree that Computershare shall sell or cause to be sold fractional US Shares held as Deposited Securities represented by the ADSs prior to the surrender of such ADSs to Computershare and shall remit the proceeds of such sale (net of (a) applicable fees and charges of, and reasonable expenses incurred by, the Computershare and (b) taxes withheld) to the person surrendering the ADSs.

Citibank, N.A. hereby confirms that no new ADSs or ADRs will be issued after the date hereof and that no Pre-Release Transactions in respect of the ADSs are outstanding as of the date hereof or will be entered into by Citibank, N.A. in respect of the ADSs after the date hereof. The parties hereto agree that from and after the Successorship Effective Date (i) no new ADSs or ADRs will be issued pursuant to the Deposit Agreement, (ii) in respect of any corporate actions affecting the US Shares held as Deposited Securities, the Successor Depository shall collect any distributions received for the benefit of Holders of ADSs not previously surrendered and shall hold such distributions pending receipt of the applicable ADRs in exchange for US Shares, (iii) no Pre-Release Transactions contemplated in Section 5.10 of the Deposit Agreement shall be engaged in, (iv) the Successor Depository shall not accommodate any transfer of ADSs or cancellation of ADSs (other than in connection with the surrender of ADSs in exchange for US Shares), and (v) the Successor Depository shall accommodate the exchange by Holders of ADSs for US Shares in accordance with the terms of the Deposit Agreement (including Section 4.11 thereof). With respect to the US Shares and any distributions thereon, Computershare shall be

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responsible for any escheatment related thereto. For avoidance of any doubt, the Shares being transferred by Citibank, N.A. to Computershare include Shares held in respect of securities not previously surrendered for ADSs in connection with the transactions identified in Exhibit C (Computershare being responsible for the escheatment of (i) the cash amounts delivered to it by Citibank in respect of the Outstanding Exchanges, and (ii) the US Shares to be delivered to it in exchange for the Shares delivered to it by Citibank, N.A. in respect of the Outstanding Exchanges).

Each of the parties hereto agrees that neither Computershare (in its capacity as Successor Depository or otherwise) nor its agents shall have any liability or obligations to Citibank, N.A. in connection herewith or hereunder, Computershare's only obligations hereunder being to the Company. In order for Computershare to enter into this Letter Agreement, in addition to any rights Computershare and its agents might have under the Deposit Agreement as if they were Depository thereunder, the Company agrees to indemnify each of Computershare and its agents, officers, directors, employees, representatives, affiliates, successors and assigns (collectively, the "Indemnified Parties") against, and hold each of them harmless from, any and all loss, liability, cost, claim, action, judgment, damages (including, without limitation, any indirect, special, punitive and/or consequential damages), award, penalty, fine, taxes or expenses (including without limitation, reasonable attorneys' fees and expenses) (each a "Loss", and collectively "Losses"), in each case resulting from third party claims and in each case which may be paid, incurred or suffered by any of them, or to which any of them may become subject, (i) related to, arising out of or incidental to any acts performed or omitted by such Indemnified Party, in accordance with the provisions of the Deposit Agreement or the ADSs, except for any Loss directly arising out of the negligence, bad faith or willful misconduct of such Indemnified Party, (ii) related to, arising out of or incidental to any acts performed or omitted by such Indemnified Party, solely in accordance with the provisions of this Letter Agreement, except for any Loss directly arising out of the negligence, bad faith or willful misconduct of such Indemnified Party and/or (iii) related to, arising out of, or incidental to, any act or omission to act under the Letter Agreement or Deposit Agreement on the part of any other party to this Letter Agreement or the Deposit Agreement, except for any Loss directly arising out of the negligence, bad faith or willful misconduct of such Indemnified Party. Notwithstanding anything to the contrary contained herein or in the Deposit Agreement, the Company agrees that Computershare's aggregate liability under the Deposit Agreement and hereunder with respect to, arising from, or arising in connection with the Deposit Agreement, or from any and all of the services provided or omitted to be provided under the Deposit Agreement or hereunder, whether in contract, or in tort, or otherwise, is limited to, and shall not exceed, the amounts paid by the Company to Computershare as fees and charges for serving in the capacity as Successor Depository, but not including reimbursable expenses.

Notwithstanding anything to the contrary set forth herein or in the Deposit Agreement, the parties agree that, as from the date of this Letter Agreement, Section 5.9 of the Deposit Agreement, Exhibit B to the Deposit Agreement and Section 10 of the ADRs shall be terminated and shall no longer apply. Computershare agrees that, in its role as Successor Depository, Computershare shall only be entitled to the fees set forth under the US Exchange Agent Services Fee Schedule agreed upon between Computershare and the Company. As from the date of this Letter Agreement, Citibank, N.A., in its role as Depository, shall only be entitled to the fees set forth in the Fee Letter, dated May 27, 2008, between the Company and Citibank, N.A. For the avoidance of

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doubt, as from the date of this Letter Agreement, the Holders and Beneficial Owners of ADSs shall not incur any issuance, cancellation or annual depository services fees under the Deposit Agreement, this Letter Agreement or the ADRs, and the Company shall only incur such fees under the Deposit Agreement, this Letter Agreement and the ADRs as are set forth in this paragraph.

This Letter Agreement may be executed in any number of counterparts, each of which shall be deemed an original and all of which, together, shall constitute one and the same agreement.

This Letter Agreement shall be interpreted under, and all the rights and obligations hereunder shall be governed by, the laws of the State of New York (without reference to the principles of choice of law thereof).

The Company, the Depository and Computershare have caused this Letter Agreement to be executed and delivered on their behalf by their respective officers thereunto duly authorized as of the date set forth above.

pSivida Limited

By: /s/ Lori Freedman

Name: Lori Freedman
Title: VP, Corporate Affairs,
General Counsel and
Company Secretary

Citibank, N.A.

By: /s/ Susan A. Lucanto

Name: Susan A. Lucanto
Title: Vice President

Computershare Trust Company N.A.

By: /s/ Neda Sheridan

Name: Neda Sheridan
Title: Vice President

Exhibits

Exhibit A	Form of Post Effective Amendment to F-6 Registration Statement
Exhibit B	Letter of Transmittal
Exhibit C	Outstanding Exchanges

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Exhibit A

As filed with the Securities and Exchange Commission on June 11, 2008
Registration No. 333-122158

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

POST-EFFECTIVE AMENDMENT NO. 1 TO
FORM F-6
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933 FOR AMERICAN DEPOSITARY SHARES EVIDENCED BY
AMERICAN DEPOSITARY RECEIPTS

PSIVIDA LIMITED
(Exact name of issuer of deposited securities as specified in its charter)

N/A
(Translation of issuer's name into English)

Western Australia, Commonwealth of Australia
(Jurisdiction of incorporation or organization of issuer)

CITIBANK, N.A.
(Exact name of depository as specified in its charter)

399 Park Avenue
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(212) 816-6690
(Address, including zip code, and telephone number, including area code,
of depository's principal executive offices)

Corporation Service Company
1133 Avenue of the Americas, Suite 3100
New York, New York 10036
Attn: Merryl Wiener Assistant Vice President
Telephone: (212) 299-5600
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Ropes & Gray LLP
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(b) (vii) Letter Agreement, dated August 24, 2005, by and between the Company and the Depository. -- Filed herein as Exhibit (b) (vii).

(c) Every material contract relating to the deposited securities between the Depository and the issuer of the deposited securities in effect at any time within the last three years. -- None.

(d) Opinion of counsel for the Depository as to the legality of the securities to be registered. -- Previously filed as Exhibit (d) to Form F-6 Registration Statement No. 333-122158 and incorporated herein by reference.

(e) Certificate under Rule 466. -- None.

(f) Powers of Attorney for certain officers and directors and the authorized representative of the Company. -- None.

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SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, Citibank, N.A., acting solely on behalf of the legal entity created by the Deposit Agreement, dated as of January 24, 2005, by and among pSivida Limited, Citibank, N.A., as the depository, and the Holders and Beneficial Owners of American Depositary Shares evidenced by American Depositary Receipts issued thereunder, certifies that it has reasonable grounds to believe that all the requirements for filing on Form F-6 are met and has duly caused this Post-Effective Amendment No. 1 to Registration Statement on Form F-6 to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York, State of New York, on the 10th day of June, 2008.

Legal entity created by the Deposit Agreement, dated as of January 24, 2005, by and among pSivida Limited, Citibank, N.A., as the depository, and the Holders and Beneficial Owners of American Depositary Shares evidenced by American Depositary Receipts issued thereunder.

CITIBANK, N.A., solely in its capacity as Depository

By: /s/ Susan A. Lucanto

Name: Susan A. Lucanto
Title: Vice President

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SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, pSivida Limited certifies that it has reasonable grounds to believe that all the requirements for filing on Form F-6 are met and has duly caused this Post-Effective Amendment No. 1 to Registration Statement on Form F-6 to be signed on its behalf by the undersigned thereunto duly authorized on this 9th day of June of 2008.

PSIVIDA LIMITED

By: /s/ Paul Ashton

Name: Paul Ashton
Title: Managing Director

Pursuant to the requirements of the Securities Act of 1933, as amended, this Post-Effective Amendment No. 1 to Registration Statement has been signed by the following persons in the following capacities on June 9, 2008.

Signature	Title
-----	-----
/s/ David J. Mazzo ----- David J. Mazzo	Non-Executive Chairman
/s/ Paul Ashton ----- Paul Ashton	Managing Director (Principal Executive Officer)
/s/ Michael J. Soja ----- Michael J. Soja	Vice President, Finance and Chief Financial Officer (Principal Accounting Officer)
/s/ Michael Rogers ----- Michael Rogers	Non-Executive Director
/s/ Katherine Woodthorpe ----- Katherine Woodthorpe	Non-Executive Director
/s/ Ann R. Shilling ----- Corporation Service Company	Authorized Representative in the United States (Assistant VP)

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Index to Exhibits

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(b) (vii)	Letter Agreement, dated August 24, 2005.



Computershare Trust Company, Inc.
250 Royal Street
Canton MA 02021
Telephone (800) 251-4215



The Sample Company



MIR A SAMPLE
DESIGNATION (IF ANY)
ADD 1
ADD 2
ADD 3
ADD 4
ADD 5
ADD 6



C 1234567890 J N T



Tax ID certification on file: <Certified Y/N>

TOTAL SHARES 12345678901234

Exchange Form - Action Required

YOUR ACTION IS REQUIRED - PLEASE FOLLOW THESE INSTRUCTIONS

Our records indicate you currently hold pSivida Limited American Depositary Receipt (ADR) stock certificates that have not been converted to pSivida US voting common shares as a result of the right to receive 10 ordinary shares for every ADR(s) share held, effective <ENTER EFFECTIVE DATE>. In order to receive your pSivida US voting common shares and any future dividend or distributions the Board of Directors may declare, you **MUST** return these certificates. Please note: If you also hold shares of pSivida Limited ADR(s) in uncertificated form, you will receive a statement of your uncertificated pSivida US voting common shares in a separate mailing. To receive the new pSivida US voting common shares for your certificated shares, please follow the instructions below.

Lost Certificates: If you cannot locate some or all of your certificates, read and complete Box A - Lost Certificate(s) on the back of this form and mark the boxes below with an X corresponding to the certificate numbers you cannot locate. You must also sign this form in Box A. You must have your signature(s) notarized (see Step 3 on the reverse). All registered holders **MUST** sign exactly as the name is printed above. If your lost certificate(s) is (are) part of an estate or trust, or are valued at more than \$150,000, please contact Computershare for additional instructions.

Step 1. Your pSivida Limited ADR stock certificate(s):

Locate the listed certificates.

Lost	Certificate Numbers	Shares	Lost	Certificate Numbers	Shares
<input type="checkbox"/>	XXXX12345678	12345678901234	<input type="checkbox"/>	XXXX12345678	12345678901234
<input type="checkbox"/>	XXXX12345678	12345678901234	<input type="checkbox"/>	XXXX12345678	12345678901234
<input type="checkbox"/>	XXXX12345678	12345678901234	<input type="checkbox"/>	XXXX12345678	12345678901234
<input type="checkbox"/>	XXXX12345678	12345678901234	<input type="checkbox"/>	XXXX12345678	12345678901234
<input type="checkbox"/>	XXXX12345678	12345678901234	<input type="checkbox"/>	XXXX12345678	12345678901234

You hold more than 10 certificates, not all certificates can be listed on this form.

Other Certificate Total	Total Certificated Shares	Shares Held By Us	Total Shares
12345678901234	12345678901234	12345678901234	12345678901234

Step 2. Signatures: Sign and date this form. The names of the registered holders are listed in the Name and Address at the top of this form.

All registered holders **MUST** sign exactly as your name(s) appears above.

Signature of Owner and U.S. Person for Tax Certification	Signature of Co-Owner (if more than one registered holder listed)	Date (mm/dd/yyyy)
<div style="border: 1px solid black; height: 40px;"></div>	<div style="border: 1px solid black; height: 40px;"></div>	<div style="border: 1px solid black; height: 40px;"></div>

1 2 3 4 5 6 7 8 9 0 1 2 3 4 X U L T C L S C O Y C I S S X X +

Additional Instructions for Completing the Exchange Form and Surrendering Certificates

Delivery of Certificates: Your old pSivda Limited American Depositary Receipt stock certificate(s) and this Exchange Form must be sent or delivered to Computershare. The method of delivery of certificates to be surrendered to Computershare at one of the addresses set forth on the bottom of this page is at the option and risk of the surrendering stockholder. Delivery will be deemed effective only when received by Computershare. For your convenience, a return envelope is enclosed.

Authorization and Registration: The signature(s) on the reverse side represents that you have full authority to surrender these certificate(s) for exchange and warrants that the shares represented by these certificates are free and clear of liens, restrictions, adverse claims and encumbrances. Issue the new uncertificated shares and/or check in the name(s) that this Exchange Form was addressed.

Special Transfer Instructions: If your pSivda US voting common shares are to be issued to a person(s) other than the registered owner(s), a transfer of ownership form must be completed. You may obtain transfer of ownership requirements and instructions from the internet at www.computershare.com or by calling Computershare at the number listed below.

Form W-9: Under U.S. Federal Income Tax law, a stockholder is required to provide Computershare with such stockholder's correct Taxpayer Identification Number. If your Taxpayer Identification Number is not certified on our records, we have enclosed a Form W-9 for you to complete and return. Failure to provide the information on the form may subject you to backup withholding on any reportable payment. If you are a foreign individual seeking to qualify as an exempt recipient from backup withholding, you must complete and submit the enclosed Form W-8BEN to Computershare.

Box A - Lost Certificate(s)

SAFECO INSURANCE COMPANY OF AMERICA

LOST SECURITIES AFFIDAVIT FOR COMPUTERSHARE ACCOUNTS LESS THAN \$150,000.00 IN MARKET VALUE

By checking the lost certificates box and signing the bottom of this form, I (we) certify that (a) I (we) am (are) the lawful owner(s) of the shares described on the front of this form; (b) I (we) reside at the address set forth on the front of this form; (c) I (we) am (are) entitled to possession of the lost certificate(s) (the "Lost Securities"); (d) the Lost Securities have been lost, mislaid, stolen or destroyed and cannot now be produced; (e) the Lost Securities WERE NOT ENDORSED and neither the Lost Securities nor the Owner(s)' rights therein have, in whole or in part, been cashed, negotiated, sold, transferred, hypothecated, pledged, deposited, and to my (our) knowledge, no claim of right, like or interest, adverse to the Owner, in or to the Lost Securities, has been made or advanced by any person; (f) I (we) have made or caused to be made a diligent search for the Lost Securities and have been unable to find or recover the Lost Securities; (g) I (we) make this Affidavit of Lost Securities For Computershare Accounts for the purpose of inducing the issuance of new or replacement Securities ("Replacement Securities") (in book-entry form, unless unavailable through the Issuer) in lieu of the said Lost Securities, or the distribution to the Owner(s) of proceeds (including liquidation) thereof; and (h) I (we) agree that this Lost Securities Affidavit for Computershare Accounts may be delivered to and made part of the Safeco Insurance Company of America Bond No. 5826165.

The Owner (s) hereby agree(s) in consideration of (1) the issuance of such replacement Securities in lieu of the Lost Securities, or of the distribution to the Owner of the proceeds there from, and (2) the assumption by Safeco Insurance Company of America of liability therefore under its Bond, the OWNER, his/her/its heirs, successors and assigns agree to indemnify, protect and save harmless Safeco Insurance Company of America, Computershare Trust Company, N.A. and Computershare Shareholder Services, Inc., and the issuer, jointly and severally, and their respective agents, representatives, successors, and assigns, from and against all losses, cost and damages (court costs and attorneys fees) to which they may be subject or liable arising out of or relating to the Lost Securities, the issuance of Replacement Securities, the Owner's requested action herein (or any other action arising out of or relating to the Replacement of Lost Securities), or Safeco Insurance Company of America's assumption of liability under its bond described above.

STEP 1. CALCULATE LOST CERTIFICATE BOND PREMIUM

LOST CERTIFICATE BOND PREMIUM CALCULATION: $\frac{\text{Shares Lost}}{\text{Shares Lost}} \times \frac{\text{Bond premium (TBD) Per share}}{\text{Bond premium Per share}} = \frac{\text{Total Premium Due (MINIMUM \$20.00)}}{\text{Total Premium Due (MINIMUM \$20.00)}} + \$50.00 \text{ processing fee} = \frac{\text{Total Check Amount}}{\text{Total Check Amount}}$

Multiply the number of shares lost by the Safeco Insurance Company of America Bond premium noted above to calculate the premium you owe. If you have Lost Securities representing (Computershare to complete) or fewer shares, there is a minimum premium of \$20.00. The premium is only valid until December 13, 2008. There is also a processing fee of \$50.00. PLEASE MAKE YOUR CHECK PAYABLE TO "COMPUTERSHARE" FOR THE BOND PREMIUM AND PROCESSING FEE AND ENCLOSE WITH THIS AFFIDAVIT. If your request is approved, Computershare will forward the Bond premium to Safeco Insurance Company of America. We cannot complete your exchange without a Surety Bond. NOTE: This premium is calculated based upon each lost share, not per each lost certificate.

STEP 2. SIGNATURES OF OWNERS

All registered owners MUST sign below exactly as the name(s) appears on the front of this form. You must have your signature(s) notarized. If your lost certificate(s) is (are) part of an estate or trust, or are valued at more than \$150,000, please contact Computershare for additional instructions.

ANY PERSON WHO, KNOWINGLY AND WITH INTENT TO DEFRAUD ANY INSURANCE COMPANY OR OTHER PERSON, FILES A STATEMENT OF CLAIM CONTAINING ANY MATERIALLY FALSE INFORMATION OR CONCEALS FOR THE PURPOSE OF MISLEADING, INFORMATION CONCERNING ANY FACT MATERIAL THERETO, COMMITS A FRAUDULENT INSURANCE ACT, WHICH IS A CRIME.

Signature of owner _____ Signature of Co-Owner, if any _____

STEP 3. NOTARIZATION

State of _____ County of _____ Notary Signature _____

Printed Name of Notary _____ Sworn to and subscribed to me this (date) _____ (month/day/year)

My commission Expires (date) _____ (month/day/year) (Notary Seal)

Enclose all certificates in the envelope provided and send with completed form to Computershare.

By Mail:

Computershare
Corporate Actions
P.O. Box 43014
Providence, RI 02940-3014

By Overnight Delivery:

Computershare
Corporate Actions
250 Royal Street
Canton, MA 02021

For Assistance Please Call:

Within the US, Canada and Puerto Rico
1-800-251-4215
Outside the US, Canada and Puerto Rico
1-781-575-3120

<PAGE>

Exhibit C
Outstanding Exchanges

CONTROL DELIVERY SYSTEMS (as of 6/3/08)

<TABLE>
<CAPTION>

	Common - Stock Entitlement	Preferred - Stock Entitlement	Common - Cash Entitlement	Preferred - Cash Entitlement
<S> CUSIP Number (Dummy)	<C> 74439H X9 9	<C> 74439H X0 X	<C> 74439H XX 9	<C> 74439H 9X X
Number of Holders	3	4	1	1
Outstanding Shares	19,114	3,071	600	279
CIL on hand	\$6.46	\$10.63		
Principal on Hand			\$10,752.36	\$16,733.22
Restricted ADS Due	67,334	36,205		
Restricted ADS Account #	N9990000023	N9990000031		

</TABLE>

pSivida Limited

**Level 12 BGC Centre
28 The Esplanade
Perth, WA 6000
Australia**

**400 Pleasant Street
Watertown, MA 02472
United States of America**

July 5, 2007

Citibank, N.A. - ADR Department
388 Greenwich Street, 14th Floor
New York, New York 10013

Re: Issuance of (i) Units Comprising ADSs and Warrants Exercisable for ADSs Registered under the Securities Act and (ii) Warrants Exercisable for Restricted ADSs Without Registration Under the Securities Act, but Subject to Registration Rights, of pSivida Limited

Ladies and Gentlemen:

Reference is made to (i) the Deposit Agreement, dated as of January 24, 2005 (the "**Deposit Agreement**"), by and among pSivida Limited, a company organized under the laws of the Commonwealth of Australia (the "**Company**"), Citibank, N.A., as Depositary (the "**Depositary**"), and all Holders and Beneficial Owners of American Depositary Shares ("**ADSs**") evidenced by American Depositary Receipts ("**ADRs**") issued thereunder, each ADS representing ten (10) ordinary shares, with no par value (the "**Shares**"), of the Company, (ii) the Subscription Agreements, dated as of June 29, 2007 (the "**Investors' Subscription Agreements**"), by and among the Company and the investors named therein (collectively, the "**Investors**"), pursuant to which the Company has agreed to sell and the Investors have agreed to purchase units (the "**Investors' Units**"), each Investor Unit comprising one (1) ADS (the "**Investors' ADSs**") and one (1) warrant to purchase 0.40 ADS (the "**Investors' Warrants**"), (iii) the Subscription Agreement (Pfizer), dated as of June 30, 2007 (the "**Pfizer Subscription**

Agreement" and, together with the Investors' Subscription Agreements, the "**Subscription Agreements**"), by and between the Company and Pfizer Inc. ("**Pfizer**"), pursuant to which the Company has agreed to sell and Pfizer has agreed to purchase units (the "**Pfizer Units**"), each Pfizer Unit comprising one (1) ADS (the "**Pfizer ADSs**" and, together with the Investor's ADSs, the "**Subscription ADSs**") and one (1) warrant to purchase 0.40 ADSs (the "**Pfizer Warrants**" and, together with the Investors' Warrants, the "**Subscription Warrants**"), (iv) the Company's Preliminary Prospectus Supplement, dated June 29, 2007, and the Company's Final Prospectus Supplement, dated June 29, 2007, each supplementing the Company's Registration Statement on Form F-3, as amended and supplemented (Reg. No. 333-141091), filed with the Commission on March 6, 2007, pursuant to which the sale of the Subscription ADSs and the Subscription Warrants was registered with the Commission under the Securities Act, (v) the Registration Statement on Form F-6, as amended and supplemented (Reg. No. 333-122158), pursuant to which ADSs to be issued under the Deposit Agreement were registered with the Commission under the Securities Act, and (vi) the Placement Agent Agreement, dated June 29, 2007 (the "**Placement Agent Agreement**"), by and among the Company and the Placement Agents identified therein (the "**Placement Agents**"), pursuant to which, *inter alia*, the Company has agreed to issue and the Placement Agents have agreed to accept, without registration under the Securities Act, but subject to registration rights pursuant to the terms thereof, warrants to purchase ADSs (the "**Placement Agents' Warrants**"). All capitalized terms used, but not otherwise defined, in this letter agreement (the "**Letter Agreement**") shall have the meaning assigned thereto in the Deposit Agreement.

Under (i) the Subscription Agreements, the Company has agreed to (a) sell to the Investors, and the Investors have agreed to purchase, the Investors' Units, each comprising one

(1) Investors' ADS and one (1) Investors' Warrant, (b) sell to Pfizer, and Pfizer has agreed to purchase, the Pfizer Units, each comprising one (1) Pfizer ADS and one (1) Pfizer Warrant, and (ii) the Placement Agent Agreement, the Company has agreed to issue to the Placement Agents and the Placement Agents have agreed to accept, the Placement Agents' Warrants exercisable for ADSs issued under Section 2.12 of the Deposit Agreement (the "**Restricted ADSs**"), upon the terms and subject to the conditions set forth therein, without registration under the Securities Act, but subject to registration rights pursuant to terms thereof.

The Company has instructed the Depositary to issue (a) the Investors' ADSs to the Investors, (b) the Pfizer ADSs to Pfizer, (c) ADSs to the Investors upon exercise from time to time of the Investors' Warrants, (d) ADSs to Pfizer upon exercise from time to time of the Pfizer Warrants, in each case upon confirmation of receipt by the Depositary of (i) written instructions from the Company to issue such ADSs, (ii) deposit of the corresponding number of Shares with the Custodian, (iii) ADS issuance fees of \$0.04 per ADS to be issued, (iv) written delivery instructions for delivery of the ADSs to, or for the account of, the Investor or Pfizer, as applicable, and upon satisfaction of the other terms and conditions of the Deposit Agreement, and (c) Restricted ADSs upon exercise from time to time of the Placement Agents' Warrants, in each case upon receipt of confirmation by the Depositary of (i) the RADS Issuance Instructions Letter, dated July 5, 2007 (the "**Issuance Instructions Letter**") from the Company, (ii) deposit of the corresponding number of Restricted Shares with the Custodian in an account segregated from the Shares at such time held on deposit against issuance of Restricted ADSs, (iii) Restricted ADS issuance fees of \$0.04 per Restricted ADS to be issued, (iv) written delivery instructions for delivery of the Restricted ADSs to, or for the account of, the applicable Placement Agent, in each case upon satisfaction of the other terms and conditions of the Deposit Agreement. The

Company wishes to enable the deposit of the applicable number of ordinary shares of the Company (the "**Restricted Shares**") to facilitate the issuance of Restricted ADSs evidenced in each case by restricted American Depositary Receipt certificates (the "**Restricted ADRs**") upon exercise by the Placement Agents at any time and from time to time between January 6, 2008 and July 5, 2012, of the Placement Agents' Warrants, in each case, under the terms of Section 2.12 of the Deposit Agreement, as supplemented by this Letter Agreement.

Pursuant to Section 6 of the Placement Agents' Warrants, the Company has agreed to file a registration statement under the Securities Act (the "Resale Registration Statement") with the Commission and cause the Resale Registration Statement to become effective upon the terms set forth therein. It is contemplated that the Restricted ADSs may be sold, transferred or otherwise disposed only (i) in connection with an effective registration statement under the Securities Act or (ii) upon receipt by the Company and the Depositary of (a) an opinion of counsel to the transferor satisfactory to the Company and the Depositary that the sale, transfer or other disposition is exempt from the registration requirements of the Securities Act and (b) such other documentation satisfactory to the Company and the Depositary. The purpose and intent of this Letter Agreement is to supplement the Deposit Agreement for the sole purpose of accommodating the issuance of (i) the Subscription ADSs and ADSs upon exercise from time to time of the Subscription Warrants and (ii) the Restricted ADSs upon exercise by the Placement Agents from time to time of the Placement Agents' Warrants, (iii) the issuance and delivery of Restricted ADRs, (iv) the transfer of the Restricted ADRs and the Restricted ADSs evidenced thereby, (v) the withdrawal of Restricted Shares and (vi) the exchange of the Restricted ADSs for ADSs.

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company and the Depositary hereby agree, as follows:

A. Issuance of Subscription ADSs and ADSs Issuable Upon Exercise of Subscription Warrants.

The Company hereby instructs the Depositary to issue (a) the Investors' ADSs to the Investors, (b) the Pfizer ADSs to Pfizer, (c) ADSs to the Investors upon exercise from time to time of the Investors' Warrants, (d) ADSs to Pfizer upon exercise from time to time of the Pfizer Warrants, in each case upon confirmation of receipt by the Depositary of (i) written instructions from the Company to issue such ADSs, (ii) deposit of the corresponding number of Shares with the Custodian, (iii) ADS issuance fees of \$0.04 per ADS to be issued, (iv) written delivery instructions for delivery of the ADSs to, or for the account of, the Investor or Pfizer, as applicable, and upon satisfaction of the other terms and conditions of the Deposit Agreement,

B. Issuance of Restricted ADSs Upon Exercise of Placement Agents' Warrants.

1. **Depositary Procedures.** The Company instructs the Depositary, and the Depositary agrees, upon the terms and subject to the conditions set forth in this Letter Agreement, to (i) establish procedures to enable (x) the Company to deposit, upon the exercise by the applicable Placement Agent from time to time of the Placement Agents' Warrants in accordance with their terms, the applicable number of Restricted Shares to be represented by the corresponding number of Restricted ADSs, in each case under the terms of Section 2.12 of the Deposit Agreement, as supplemented by the terms of this Letter Agreement, (y) the transfer of the Restricted ADR(s) and the Restricted ADSs evidenced thereby and the withdrawal of the Restricted Shares represented by Restricted ADSs (to the extent such Restricted Shares are

deliverable under Australian law), and (z) the exchange of the Restricted ADSs for ADSs pursuant to the Registration Statement, in each case upon the terms, and subject to the conditions, set forth in the Deposit Agreement, as supplemented by this Letter Agreement, and (ii) issue Restricted ADR(s) evidencing such Restricted ADSs in the names of the Placement Agents and permitted transferees or assign(s) of the Placement Agents' Warrants (or their representatives) (each, a "Buyer") in denominations designated by the Company (not, in the aggregate, exceeding the corresponding number of Restricted Shares then held on deposit with the Custodian) and to deliver the Restricted ADR(s) evidencing the Restricted ADSs so issued to the Buyers, in each case, upon receipt of the documentation and fees contemplated in the ADS Issuance Instructions Letter.

2. **Company Assistance.** The Company agrees to (i) assist the Depositary in the establishment of procedures to enable the acceptance of the deposit by the Company of the Restricted Shares from time to time upon exercise of the Placement Agents' Warrants, the issuance of the Restricted ADSs, the issuance and delivery of the Restricted ADR(s), the transfer of the Restricted ADR(s) and the Restricted ADSs evidenced thereby, the withdrawal of the Restricted Shares and the exchange of Restricted ADSs for ADSs, (ii) take all commercially reasonable steps necessary and satisfactory to the Depositary to ensure that the acceptance of the deposit of the Restricted Shares, the issuance of Restricted ADSs, the issuance and delivery of the Restricted ADR(s), the transfer of Restricted ADR(s) and the Restricted ADSs evidenced thereby, the exchange of Restricted ADSs for ADSs, and the withdrawal of Restricted Shares (to the extent such Restricted Shares are deliverable under Australian law), in each case upon the terms and conditions set forth in the Deposit Agreement, as supplemented by this Letter Agreement, do not materially prejudice the rights of Holders and Beneficial Owners of ADSs

and do not violate the provisions of the Securities Act or any other applicable laws, (iii) deliver a copy of this Letter Agreement to each Buyer in connection with each exercise of the Placement Agents' Warrants and (iv) cause each Buyer to make the representations and acknowledgments required hereby. In furtherance of the foregoing, the Company shall (x) cause its U.S. counsel to deliver, in respect of each exercise of Placement Agents' Warrants, a legal opinion satisfactory to the Depository addressing, *inter alia*, the following points: (1) the issuance of Restricted ADSs upon such exercise of the Placement Agents' Warrant(s) is exempt from the registration requirements of the Securities Act and the rules and regulations thereunder as interpreted by the Commission, and (2) the Company is not subject to regulation as an "investment company" within the meaning of the Investment Company Act of 1940, as amended, (y) cause its Australian counsel to deliver an opinion to the Depository addressing, *inter alia*, the following points: (1) this Letter Agreement has been duly executed and delivered for and on behalf of the Company by an officer of the Company duly elected or appointed and thereunto duly authorized and constitutes the legal, valid and binding agreement of the Company, enforceable against the Company in accordance with its terms in Australia, except as may be limited by bankruptcy, insolvency, moratorium or similar laws affecting creditors' rights generally and general principles of equity, (2) all requisite permissions, consents, approvals, authorizations and orders (if any) have been obtained and all requisite filings (if any) have been made in Australia to enable the Company to enter into this Letter Agreement and for the Company, the Depository and the Buyers to engage in the transactions contemplated herein, (3) neither this Letter Agreement nor any other document or instrument delivered by the Company to the Depository needs to be recorded or filed with any agency or authority under Australian law, nor does any stamp or similar tax need to be paid under Australian law to ensure the legality, validity,

enforceability or admissibility into evidence of this Letter Agreement, (4) none of the terms of this Letter Agreement violate or conflict with, nor does the execution and delivery of this Letter Agreement or the consummation of the transactions contemplated herein violate or conflict with, the Constitution of the Company or any agreement to which the Company is a party or by which the Company is bound, (5) none of the terms nor the transactions contemplated by this Letter Agreement violate any law, rule, regulation, order, judgment, administrative decree or regulation of Australia or to which the Company is otherwise subject, and (6) all of the Restricted Shares to be deposited with the Depository under the Deposit Agreement pursuant to the terms of Section 2.12 thereof and this Letter Agreement have been duly authorized and validly issued and are fully paid and nonassessable, and are free of any transfer or voting restrictions, and free of any preemptive rights (other than preemptive rights properly waived by the shareholders of the Company), and (z) complete, sign and deliver a deposit certification substantially in the form of Exhibit B hereto (the "**Deposit Certification**") by facsimile (followed by an original) to the Depository located at 111 Wall Street, 15th Floor, Zone 8, New York, New York 10043, Attn: Broker Services, facsimile no.: (212) 825- 2029, with a copy to 388 Greenwich Street, 14th Floor, New York, New York 10013, Attn: Brian Teitelbaum, facsimile no.: (212) 816-6865. In the event a Buyer wishes to surrender one or more Restricted ADRs evidencing one or more Restricted ADSs to the Depository for cancellation of such Restricted ADSs and receipt of the corresponding number of Restricted Shares, the Company shall cause each such Buyer to complete and sign a withdrawal certification substantially in the form of Exhibit C hereto (the "**Withdrawal Certification**") and deliver such Withdrawal Certification, accompanied by the Restricted ADR(s) evidencing the Restricted ADSs being surrendered and payment of the fees of the Depository in the manner described in Section B.6 hereof, to the Depository at the address,

and in the manner, set forth on Exhibit C hereto and provide the Depositary with written confirmation satisfactory to the Depositary (which may include an opinion of Australian counsel) that the Restricted Shares are eligible for delivery to such Buyer under Australian law and the Company's Constitution, by executing the Company's Acknowledgement and Representation attached thereto. In the event the Buyer wishes to deliver one or more Restricted ADRs evidencing one or more Restricted ADSs to the Depositary for the issuance and delivery of ADSs in connection with an effective Registration Statement, the Company shall provide the Depositary with written confirmation satisfactory to the Depositary, including an opinion of U.S. counsel in the form described in Section B.9 hereof that a Registration Statement is in effect as to such Buyer and cause each such Buyer to complete and sign a resale issuance certification for unrestricted ADSs substantially in the form of Exhibit D hereto (the "**Resale Issuance Certification**") and to deliver such Resale Issuance Certification, accompanied by the Restricted ADR(s) evidencing the Restricted ADSs being surrendered in connection with the issuance and delivery of ADSs, together with payment of the fees of the Depositary in the manner described in Section B.9 hereof, to the Depositary at the address, and in the manner, set forth on Exhibit D hereto.

3. **Limitations on Issuance of Restricted ADSs.** The Company hereby instructs the Depositary, and the Depositary agrees upon the terms, and subject to the conditions, set forth in this Letter Agreement, to issue and to deliver to a Buyer, upon the exercise of the Placement Agents' Warrants, Restricted ADR(s) evidencing the applicable number of Restricted ADSs designated by the Company (not, in the aggregate, exceeding the corresponding number of Restricted Shares being deposited at any time) upon receipt of (i) confirmation of the due deposit by the Company with the Custodian of the applicable number of Restricted Shares provided for

below, (ii) the opinions of U.S. and Australian counsel identified in Section B.2 hereof, (iii) the corresponding Deposit Certifications set forth in Exhibit B hereto, and (iv) payment by wire transfer to the Depository's account (ABA # 021000089, Citibank New York, Attn.: CitiADR Department, RE: pSivida RADR Issuance, A/C# 3685-9028) of a Restricted ADS issuance fee of \$0.04 per Restricted ADS issued, together with all applicable taxes and expenses otherwise payable under the terms of the Deposit Agreement for the deposit of Shares and issuance of ADSs (including, without limitation, confirmation that any Australian stock transfer taxes in respect of such deposit (if any) have been paid). The Restricted ADSs issued upon the deposit of Restricted Shares shall be separately identified on the books of the Depository under separate CUSIP number and the Restricted Shares shall be held separate and distinct from the other Deposited Securities held by the Custodian in respect of the ADSs issued under the Deposit Agreement that are not Restricted ADSs. Neither the Restricted Shares nor the Restricted ADSs shall be eligible for "Pre-Release Transactions" described in Section 5.10 of the Deposit Agreement. The Restricted ADSs shall not be eligible for inclusion in any book-entry settlement system, including, without limitation, The Depository Trust Company, and shall not in any way be fungible with the other ADSs issued under the terms of the Deposit Agreement that are not Restricted ADSs (except upon the terms and conditions set forth in Section B.9 hereof). Nothing contained in this Letter Agreement shall in any way be deemed to obligate the Depository, or to give authority to the Depository, to accept any Shares (other than the Restricted Shares described herein) for deposit under the terms hereof.

4. **Stop Transfer Notation and Legend.** The books of the Depository shall identify the Restricted ADSs as "restricted" and shall contain a "stop transfer" notation to that

effect. The Restricted ADR(s) shall contain the following legends:

“THE ADSs REPRESENTED BY THIS CERTIFICATE HAVE BEEN ACQUIRED FOR INVESTMENT AND HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “ACT”). SUCH ADSs MAY NOT BE SOLD OR TRANSFERRED IN THE ABSENCE OF REGISTRATION OR AN EXEMPTION THEREFROM. PSIVIDA LIMITED (THE “COMPANY”) MAY REQUIRE AN OPINION OF COUNSEL REASONABLY ACCEPTABLE TO IT THAT A PROPOSED TRANSFER OR SALE IS IN COMPLIANCE OF THE ACT.

THIS RESTRICTED AMERICAN DEPOSITARY RECEIPT HAS BEEN ISSUED PURSUANT, AND IS SUBJECT, TO THE TERMS OF THE LETTER AGREEMENT, DATED AS OF JULY 5, 2007 (THE “LETTER AGREEMENT”), BY AND BETWEEN THE DEPOSITARY AND THE COMPANY.

THE DEPOSITARY SHALL NOT AT ANY TIME REGISTER THE TRANSFER OF THIS RESTRICTED ADR OR THE RESTRICTED ADSs EVIDENCED HEREBY UNLESS IT HAS RECEIVED A SATISFACTORY OPINION OF COUNSEL THAT SUCH TRANSFER IS EXEMPT FROM REGISTRATION UNDER THE SECURITIES ACT OR A WRITTEN CERTIFICATION THAT (X) SUCH SALE WAS MADE IN ACCORDANCE WITH AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT COVERING SUCH SALE AND (Y) ALL APPLICABLE PROSPECTUS DELIVERY REQUIREMENTS HAVE BEEN SATISFIED. NO REPRESENTATION IS MADE AS TO THE AVAILABILITY OF THE EXEMPTIONS PROVIDED BY RULE 144, RULE 144A OR REGULATION S UNDER THE SECURITIES ACT FOR RESALE OF THE RESTRICTED SHARES OR THE RESTRICTED ADSs.

THE DEPOSITARY SHALL NOT AT ANY TIME CANCEL THIS RESTRICTED ADR OR THE RESTRICTED ADSs EVIDENCED HEREBY FOR THE PURPOSE OF WITHDRAWAL OF THE RESTRICTED SHARES REPRESENTED BY THE RESTRICTED ADSs EVIDENCED HEREBY UNLESS IT SHALL HAVE RECEIVED WRITTEN CONFIRMATION SATISFACTORY TO THE DEPOSITARY (WHICH MAY INCLUDE AN OPINION OF AUSTRALIAN COUNSEL) THAT THE RESTRICTED SHARES ARE ELIGIBLE FOR DELIVERY UNDER AUSTRALIAN LAW, A SIGNED WITHDRAWAL CERTIFICATION (AS DEFINED AND IN THE FORM PRESENTED IN THE LETTER AGREEMENT) AND THE FEES APPLICABLE TO CANCELLATION OF ADSs UNDER THE DEPOSIT AGREEMENT, AS SUPPLEMENTED BY THE LETTER AGREEMENT.”

5. **Limitations on Transfer of Restricted ADSs.** The Restricted ADR(s), and the Restricted ADSs evidenced thereby, shall be transferable by the Holder thereof, in transactions other than those described in Section B.9 hereof, only upon delivery to the Depository of (i) all documentation otherwise contemplated by the Deposit Agreement, (ii) an opinion of the applicable Holder's U.S. counsel reasonably satisfactory to the Depository stating that, *inter alia*, the requested transfer is in accordance with the conditions upon which the Restricted ADR(s) are, and the Restricted ADSs evidenced thereby are, transferable by the Holder thereof under applicable securities laws and the transfer restrictions contained in the legend set forth on the Restricted ADR(s) presented for transfer, and (iii) payment of all standard fees related to the transfer of an ADR(s) under the Deposit Agreement.

6. **Limitations On Cancellation of Restricted ADSs and Withdrawal of Restricted Shares.** The Company instructs the Depository, and the Depository agrees, not to release any Restricted Shares nor cancel any Restricted ADSs upon presentation to it of Restricted ADR(s) for the purpose of withdrawing the underlying Restricted Shares, unless (w) all of the conditions applicable to the withdrawal of Shares from the depository receipts facility created pursuant to the terms of the Deposit Agreement have been satisfied, and (x) the Depository has received written confirmation from the Company satisfactory to the Depository (which may include an opinion of Australian counsel) that the Restricted Shares are eligible for delivery to the withdrawing Buyer under Australian law, (y) payment by the withdrawing Buyer by wire transfer to the Depository's account (ABA # 021000089, Citibank New York, Attn.: CitiADR Department, RE: pSivida RADR Issuance, A/C# 3685-9028) of a deposited securities withdrawal fee of \$0.04 per Restricted ADS surrendered and taxes and expenses otherwise payable under the terms of the Deposit Agreement upon the withdrawal of Shares upon surrender

of ADSs (including, without limitation, confirmation that any Australian stock transfer taxes in respect of such deposit (if any) have been paid) and (z) a duly completed and signed Withdrawal Certification from the person requesting the withdrawal of the Restricted Shares.

7. **Payment of Fees and Expenses of the Depositary.** The Company has agreed with the Depositary to pay the expenses of the Depositary, including legal expenses of the Depositary, incurred in connection with the transactions contemplated under the Placement Agent Agreement.

Notwithstanding anything to the contrary in the Placement Agent Agreement, the Company and the Depositary have agreed that the Depositary's fees for issuance of Restricted ADSs shall be \$0.04 per Restricted ADS issued.

8. **Fungibility.** Except as contemplated in the Deposit Agreement and this Letter Agreement and except as required by applicable law, the Restricted ADR(s) and the Restricted ADSs evidenced thereby shall, to the maximum extent permitted by law and to the maximum extent practicable, be treated as ADR(s) and ADSs issued and outstanding under the terms of the Deposit Agreement that are not "Restricted ADR(s)" and "Restricted ADSs," respectively, on terms not less favorable than those afforded to such ADR(s) and ADSs. Nothing contained herein shall obligate the Depositary to treat Holders of Restricted ADR(s) on terms more favorable than those accorded to Holders of ADRs under the Deposit Agreement.

9. **Resales Pursuant to the Registration Statement.**

Provided the Depositary has received (x) an opinion of U.S. counsel satisfactory to the Depositary that addressing the following points: (1) a Registration Statement has been declared effective under the Securities Act, and, to such counsel's knowledge, no stop order suspending the effectiveness of the Registration Statement or any part thereof has been issued

and no proceedings for that purpose have been instituted or are pending or contemplated under the Securities Act, (2) the Company is not subject to regulation as an "investment company" within the meaning of the Investment Company Act of 1940, as amended, and (3) the proposed resale by each of such Buyer is covered by such Registration Statement, (y) a properly completed and duly executed Resale Issuance Certification, and (z) a fee of \$0.04 per Restricted ADS (or fraction thereof) surrendered for cancellation and for the subsequent issuance of the corresponding number of ADSs, the Depositary shall take all actions necessary to remove any distinctions previously existing between the applicable Restricted ADSs and the ADSs that are not Restricted ADSs, including, without limitation, by (i) causing the Custodian to transfer the applicable number of Restricted Shares into the account for the Deposited Securities in respect of the ADSs that are not Restricted ADSs, (ii) removing the stop transfer notations on its records in respect of the relevant ADSs previously identified as Restricted ADSs, and (iii) removing the legends from the Restricted ADR(s) identified in Section B.4 above. The Depositary will no longer treat the applicable Restricted ADSs as "Restricted ADSs" under the terms of the Deposit Agreement upon the Depositary's receipt of the documentation set forth above.

10. Representations and Warranties. The Company hereby represents and warrants that (a) the Restricted Shares to be deposited by the Company upon the exercise of the Placement Agents' Warrants by a Buyer will be validly issued, fully paid and non-assessable, and free of any statutory preemptive rights of the holders of outstanding Shares, (b) the Company is not and will not be at the time of deposit prohibited from depositing the Restricted Shares with the Custodian as a result of any agreement to which the Company is a party or is bound, and (c) the Restricted Shares to be deposited upon the exercise of the Placement Agents' Warrants by the Company will rank *pari passu*, in all respects, including, without limitation, as to trading

(subject to the operation of the Corporations Act 2001 (Cth) in relation to the sale of securities issued in Australia without a disclosure document), settlement, distributions, liquidation and preemptive rights, to the issued and outstanding Shares that are on deposit under the Deposit Agreement. Such representations and warranties shall be true and correct as of, and shall survive, the deposit of the Restricted Shares, the issuance of Restricted ADSs, and the issuance and delivery of Restricted ADR(s).

11. **Indemnity.** The Company and the Depositary acknowledge and agree that the indemnification provisions under Section 5.8 of the Deposit Agreement shall apply to the actions taken by the Depositary in reliance upon the representations and warranties of the Company set forth herein and the acceptance of Restricted Shares for deposit, the issuance of Restricted ADSs, the issuance and delivery of Restricted ADR(s), the transfer of Restricted ADR(s) and the Restricted ADSs evidenced thereby, the withdrawal of Restricted Shares, the exchange of the Restricted ADSs into ADSs, the removal of the stop transfer notations on its records and the removal of the legend from the Restricted ADR(s) in connection with the exercise of the Placement Agents' Warrants, in each case, when such exercise shall have taken place and upon the terms set forth herein, as well as to any other acts performed or omitted by the Depositary as contemplated by this letter agreement.

This letter agreement shall be interpreted and all rights hereunder shall be governed by the laws of the State of New York without regards to the principles of conflicts of law thereof.

The Company and the Depositary have caused this letter agreement to be executed and delivered on their behalf by their respective officers thereunto duly authorized as of the date set forth above.

PSIVIDA LIMITED

By: Michael J. Soja
Name: Michael Soja
Title: Vice President, Finance and
Chief Financial Officer

CITIBANK, N.A.

By: _____
Name: Paul Martin
Title: Vice President

EXHIBIT LIST

- A. (i) Investors Subscription Agreement
(ii) Pfizer Subscription Agreement
(iii) Placement Agent Agreement
(iv) Final Prospectus Supplement
- B. Deposit Certification
- C. Withdrawal Certification
- D. Issuance Certification

The Company and the Depositary have caused this letter agreement to be executed and delivered on their behalf by their respective officers thereunto duly authorized as of the date set forth above.

PSIVIDA LIMITED

By: _____
Name: Michael Soja
Title: Vice President, Finance and
Chief Financial Officer

CITIBANK, N.A.


By: 
Name: Paul Martin
Title: Vice President

EXHIBIT LIST

- A. (i) Investors Subscription Agreement
(ii) Pfizer Subscription Agreement
(iii) Placement Agent Agreement
(iv) Final Prospectus Supplement
- B. Deposit Certification
- C. Withdrawal Certification
- D. Issuance Certification

EXHIBIT B
to
Letter Agreement, dated as of July 5, 2007
(the "Letter Agreement"), by and between
pSivida Limited and Citibank, N.A.

DEPOSIT CERTIFICATION

Citibank, N.A., as Depositary
c/o Agency & Trust Department
111 Wall Street, 15th Floor / Zone 8
New York, New York 10043
Attn.: Broker Services
Facsimile: (212) 825-2029

pSivida Limited
Level 12 BGC Centre
28 The Esplanade
Perth, WA 6000
Australia

pSivida Limited
400 Pleasant Street
Watertown, MA 02472
United States of America

Re: pSivida Limited Restricted ADSs

Reference is hereby made to (i) the Deposit Agreement, dated as of January 24, 2005 (the "Deposit Agreement"), by and among pSivida Limited (the "Company"), Citibank, N.A., as Depositary (the "Depositary"), and all Holders and Beneficial Owners of American Depositary Shares (the "ADSs") evidenced by American Depositary Receipts (the "ADRs") issued thereunder, and (ii) the Letter Agreement, dated as of July 5, 2007 (the "Letter Agreement"), by and between the Company and the Depositary. Capitalized terms used but not defined herein shall have the meanings given to them in the Letter Agreement or the Deposit Agreement, as applicable.

1. The undersigned represents and warrants that (a) the Restricted Shares to be deposited for the purpose of the issuance of the Restricted ADSs are validly issued, fully paid and non-assessable, and free of any statutory preemptive rights of the holders of outstanding Shares, (b) the undersigned is not prohibited from depositing the Restricted Shares with the Custodian on account of any regulation, contractual undertaking or any limitation to any

undertaking, and (c) the Restricted Shares being deposited by the undersigned for the issuance of the Restricted ADSs rank *pari passu*, in all respects, including, without limitation, as to distributions, liquidation, voting and preemptive rights, and will rank *pari passu* as to trading and settlement to the issued and outstanding Shares that are on deposit under the Deposit Agreement. Such representations and warranties shall be true and correct as of, and shall survive, the deposit of the Restricted Shares, the issuance of Restricted ADSs, and the issuance and delivery of Restricted ADR(s).

2. The undersigned agrees and acknowledges that, prior to the issuance of the Restricted ADSs, the undersigned shall pay to the Depository by wire transfer to the Depository's account (ABA # 021000089, Citibank New York, Attn.: CitiADR Department, RE: pSivida RADR Issuance, A/C# 3685-9028, all applicable fees of the Depository (as set forth on Exhibit B to the Deposit Agreement), including, without limitation, an issuance fee of \$0.04 per Restricted ADS issued, payable in connection with the issuance and delivery of the Restricted ADSs.

3. The undersigned further agrees and acknowledges that the Depository will rely upon the truth and accuracy of the foregoing certifications and agrees that if any of the certifications made herein are no longer accurate, it shall promptly notify the Depository.

4. The undersigned further agrees and acknowledges, and has informed each Holder named below, that the Depository shall have no obligation, and shall incur no liability for its failure, to withhold or report any amounts in connection with any applicable Australian or U.S. tax law.

5. The undersigned acknowledges that (i) it has provided each Holder named below with a copy of the Deposit Agreement and Letter Agreement, respectively (ii) it has informed each Holder that copies of the Deposit Agreement and the Letter Agreement are available for inspection at the principal office of the Depository, located at 388 Greenwich Street, 14th Floor, New York, New York 10013, Attn: ADR Department, and (iii) each Holder named below agrees to be bound by the terms of the Restricted ADR(s), the Deposit Agreement and Letter Agreement, respectively.

[The remainder of this page is intentionally left blank.]

6. The undersigned hereby requests that the Depositary, following confirmation of receipt by the Custodian of the deposit of

[NUMBER]
Restricted Shares,

issue Restricted ADR(s) evidencing an aggregate of

[NUMBER]

Restricted ADSs (CUSIP No.: _____)

in the name of the Holder and in the corresponding denomination set forth below and deliver such Restricted ADR(s) evidencing the Restricted ADSs so issued to the Holder at the applicable address:

Name of Holder

Address of Holder and Telephone
Number

Number of Restricted ADSs to be
Issued to Holder

PSIVIDA LIMITED

By: _____

Name:

Title:

Date:

EXHIBIT C
to
Letter Agreement, dated as of July 5, 2007
(the "Letter Agreement"), by and between
pSivida Limited and Citibank, N.A.

WITHDRAWAL CERTIFICATION

[DATE]

pSivida Limited
Level 12 BGC Centre
28 The Esplanade
Perth, WA 6000
Australia

pSivida Limited
400 Pleasant Street
Watertown, MA 02472
United States of America

By Hand

Citibank, N.A.
Agency & Trust Department
111 Wall Street, 15th Floor / Zone 8
New York, New York 10043
Attn.: Margie Beckman

By Mail

Citibank, N.A., Agency & Trust Department
111 Wall Street, 15th Floor, Zone 8
New York, New York
Zip Code for Registered and Regular Mail: 10043
Zip Code for Overnight Mail: 10005
Attn: Margie Beckman

Re: pSivida Limited Restricted ADSs

Dear Sirs:

Reference is hereby made to (i) the Deposit Agreement, dated as January 24, 2005 (the "Deposit Agreement"), by and among pSivida Limited (the "Company"), Citibank, N.A., as

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Depository (the "Depository"), and all Holders and Beneficial Owners of American Depositary Shares (the "ADSs") evidenced by American Depositary Receipts (the "ADRs") issued thereunder; and (ii) the Letter Agreement, dated as of July 5, 2007 (the "Letter Agreement"), by and between the Company and the Depository. Capitalized terms used but not defined herein shall have the meanings given to them in the Letter Agreement or the Deposit Agreement, as applicable.

This Withdrawal Certification is being furnished in connection with the withdrawal of Restricted Shares upon surrender of the Restricted ADR(s) evidencing Restricted ADSs to the Depository.

A. We certify that either:

- (i) We are the beneficial owner of the Restricted ADSs and we have sold or otherwise transferred, or agreed to sell or otherwise transfer and at or prior to the time of withdrawal will have sold or otherwise transferred, the Restricted ADSs or the Restricted Shares (i) to a person other than a U.S. person (as defined in Regulation S under the Securities Act) located outside of the United States (as defined in Regulation S under the Securities Act) in a transaction complying with the requirements of Regulation S under the Securities Act, (ii) in accordance with Rule 144 under the Securities Act, if available, or (iii) pursuant to an effective registration statement under the Securities Act covering such sale or transfer;

OR

- (ii) We are the beneficial owner of the Restricted ADSs or will be the beneficial owner of the Restricted Shares upon withdrawal, and, accordingly, we agree that (x) we will not offer, sell, pledge or otherwise transfer the Restricted Shares except (i) to a person other than a U.S. person (as defined in Regulation S under the Securities Act) located outside of the United States (as defined in Regulation S under the Securities Act) in a transaction complying with the requirements of Regulation S under the Securities Act, (ii) in accordance with Rule 144 under the Securities Act, if available, or (iii) pursuant to an effective registration statement under the Securities Act covering such offer, sale, pledge or transfer, and (y) we will not deposit or cause to be deposited such Restricted Shares into any depository receipt facility established or maintained by a depository bank in the United States (including any such facility maintained by the Depository).

B. We acknowledge that the Company and the Depository will rely upon the truth and accuracy of the foregoing certifications and agree that if any of the certifications made by us herein are no longer accurate, we shall promptly notify the Depository.

C. We agree and acknowledges that, prior to the issuance of the Restricted Shares upon surrender of the Restricted ADSs, the undersigned shall pay to the Depository (by wire transfer to the

Depository's account (ABA # 021000089, Citibank New York, Attn.: CitiADR Department, RE: pSivida RADR Issuance, A/C# 3685-9028, all applicable fees of the Depository (as set forth on Exhibit B to the Deposit Agreement), including, without limitation, a withdrawal fee of \$0.04 per Restricted ADS surrendered, payable in connection with the delivery of the Restricted Shares.

D. We have confirmed with the Company that the Restricted Shares are deliverable to the undersigned by means of the signed acknowledgement below.

Very truly yours,

[NAME OF SURRENDERING HOLDER]

Name:

Title:

Date:

Company Acknowledgement and Representations

In connection with the surrender of Restricted ADSs and requested withdrawal of Restricted Shares by the person named above, we hereby acknowledge receipt of this Withdrawal Certification and represent that the Restricted Shares to be released upon cancellation of the Restricted ADSs surrendered hereby are freely deliverable under Australian law and the Constitution of the Company.

PSIVIDA LIMITED

By: _____

Name:

Title:

Date:

EXHIBIT D
to
Letter Agreement, dated as of July 5, 2007
(the "Letter Agreement"), by and between
pSivida Limited and Citibank, N.A.

RESALE ISSUANCE CERTIFICATION FOR UNRESTRICTED ADSs

[DATE]

pSivida Limited
Level 12 BGC Centre
28 The Esplanade
Perth, WA 6000
Australia

pSivida Limited
400 Pleasant Street
Watertown, MA 02472
United States of America

By Hand

Citibank, N.A., as Depository
c/o Agency & Trust Department
111 Wall Street, 15th Floor / Zone 8
New York, New York 10043
Attn.: Margie Beckman

By Mail

Citibank, N.A., Agency & Trust Department
111 Wall Street, 15th Floor, Zone 8
New York, New York
Zip Code for Registered and Regular Mail: 10043
Zip Code for Overnight Mail: 10005
Attn: Margie Beckman

Re: pSivida Limited Restricted ADSs

Ladies and Gentlemen:

Reference is hereby made to (i) the Deposit Agreement, dated as of January 24, 2005, as amended and supplemented (the "Deposit Agreement"), by and among pSivida Limited (the "Company"), Citibank, N.A., as Depository (the "Depository"), and all Holders and Beneficial Owners of American Depository Shares (the "ADSs") evidenced by American

Depository Receipts (the "ADRs") issued thereunder, and (ii) the Letter Agreement, dated as of July 5, 2007 (the "Letter Agreement"), by and between the Company and the Depository. Capitalized terms used but not defined herein shall have the meanings given to them in the Letter Agreement or the Deposit Agreement, as applicable.

This Resale Issuance Certification for Unrestricted ADSs is being provided in connection with our request to the Depository to exchange the Restricted ADR(s) evidencing the Restricted ADSs and enclosed herewith for issuance and delivery of the ADSs to the purchaser identified below.

- A. The undersigned hereby certifies that:
1. the sale of ADSs by me to the purchaser(s) is registered under, and the terms of such sale of ADSs are contemplated and described in an effective registration statement filed with the Commission (the "Registration Statement");
 2. to my knowledge the purchaser of the ADSs was not, at the time of the purchase of such ADSs, and will not be, at the time of the delivery of such ADSs to the purchaser, an Affiliate of the Company or a person acting on behalf of such an Affiliate;
 3. I am a "Selling Stockholder" as provided for, and my contact information and beneficial ownership information are properly identified, in the Registration Statement, and I am engaging in the sale upon the terms, and in compliance with all conditions, described in the Registration Statement;
 4. to my knowledge no stop order suspending the effectiveness of the Registration Statement or any part thereof has been issued (or with respect to any reports incorporated therein by reference, under the Exchange Act) and no proceedings for that purpose have been instituted or are pending or contemplated by the Commission under the Securities Act;
 5. I have made delivery, or will concurrently with the sale to the purchaser, make delivery, to the purchaser(s) of a prospectus in accordance with, and in full compliance with, the applicable requirements under the Securities Act (and the regulations thereunder);
 6. I have not been advised by the Company that the sale by me of the ADSs to the purchaser(s) is restricted by the Company on account of any "black-out" periods as a result of U.S. or Australian regulation or course of practice; and
 7. (a) the Shares represented by the Restricted ADSs currently held by me, and which will be represented by the ADSs upon the issuance thereof to the purchaser(s) are validly issued, fully paid and non-assessable, and free of any preemptive rights, (b) the Shares which will be represented by ADSs upon issuance thereof to the purchaser(s) rank *pari passu*, in all respects, including, without limitation, as to trading, settlement, distributions, liquidation and preemptive rights, to the issued and outstanding Shares, and (c) I am the legal and beneficial owner of the Restricted ADSs surrendered herewith and of the Shares

represented thereby and such Restricted ADSs and the Shares are free and clear of any lien, security interest, option or other charge or encumbrance (other than the restrictions set forth in the Deposit Agreement and the Letter Agreement).

B. The undersigned hereby requests that the Depository: (i) accept, for the issuance of ADSs, the surrender of

Restricted ADR(s) Certificate Number(s):

_____ evidencing

Restricted ADSs (CUSIP No.: _____), and

(ii) following (x) confirmation of receipt by the Depository of the surrender of the Restricted ADR(s) provided for in (i) above, and (y) the Company's acknowledgements and representations below, issue and deliver "free" the following number of ADSs:

_____ (CUSIP No.: 74439M 10 7)

to the purchaser at the following address:

1. If ADSs are to be issued and delivered by means of book-entry transfer:

Name of DTC Participant:	
DTC Participant Account No.:	
Account No. for Purchaser at DTC Participant (f/b/o information):	
Onward Delivery instructions to Purchaser:	
Contact person at DTC Participant:	
Daytime Telephone Number of contact person at DTC Participant:	

2. If ADSs are to be issued delivered in the form of an ADR certificate:

Name of Purchaser:	
Street Address:	
City, State, and Country:	
Nationality:	
Social Security or Tax Identification Number:	

C. The undersigned agrees and acknowledges that, prior to the issuance of the ADSs requested in Section B(ii) above, it shall pay to the Depository (by wire transfer to the Depository's account (ABA # 021000089, Citibank New York, Attn.: CitiADR Department, RE: pSivida RADR Issuance, A/C# 3685-9028, all applicable fees of the Depository (as set forth on Exhibit B to the Deposit Agreement), including, without limitation, a cancellation and issuance fee of \$0.04 per Restricted ADS cancelled and ADS issued, payable in connection with the issuance and delivery of the ADSs.

D. The undersigned further agrees and acknowledges that the Company and the Depository will rely upon the truth and accuracy of the foregoing certifications and agrees that if any of the certifications made herein are no longer accurate, it shall promptly notify the Depository.

Very truly yours,

[NAME]
[TITLE]
[DATE]

**pSivida Limited
400 Pleasant Street
Watertown, MA 02472**

May 15, 2007

Citibank, N.A. - ADR Department
388 Greenwich Street, 14th Floor
New York, New York 10013

Re: Restricted pSivida ADSs

Ladies and Gentlemen:

Reference is made to (i) the Deposit Agreement, dated as of January 24, 2005 (the "Deposit Agreement"), by and among pSivida Limited, a company organized under the laws of the Commonwealth of Australia (the "Company"), Citibank, N.A., as Depositary (the "Depositary"), and all Holders and Beneficial Owners of American Depositary Shares ("ADSs") evidenced by American Depositary Receipts ("ADRs") issued thereunder, (ii) the Securities Purchase Agreement, dated October 5, 2005 (the "Securities Purchase Agreement"), as amended by the Amendment Agreement, dated as of July 28, 2006 (the "Amendment Agreement"), as further amended by the Second Amendment Agreement (the "Second Amendment Agreement"), dated as of December 29, 2006, as further amended and restated by the Amended and Restated Second Amendment Agreement (the "Restated Second Amendment Agreement"), dated as of the date hereof (as so amended, the "Purchase Agreement"), by and between the Company and the buyer(s) named therein, and (iii) the Company's warrants issued pursuant to the Purchase Agreement; Series A Warrants issued pursuant to the Amendment Agreement; Series C Warrants issued pursuant to the Second Amendment Agreement; and Series D Warrants, Series E Warrants, Series F Warrants, and Series G Warrants issued pursuant to the Restated Second Amendment Agreement; (collectively, the "Warrants"). All capitalized terms used, but not

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otherwise defined, in this letter agreement (the "Letter Agreement") shall have the meaning assigned thereto in the Deposit Agreement.

Under the Purchase Agreement, the Company has agreed to sell to the Buyers, and the Buyers have agreed to purchase, upon the terms and subject to the conditions set forth therein the Warrants which are exercisable for American Depositary Shares (the "Restricted ADSs"), in each case, without registration under the Securities Act. The Company has instructed the Depository to issue Restricted ADSs in connection with the exercise of the Warrants, in each case, upon receipt of the documentation and fees contemplated in the Second Amended ADS Issuance Instructions Letter, dated as of the date hereof (the "Issuance Instructions Letter"). The Company wishes to enable the deposit of the applicable number of ordinary shares of the Company (the "Restricted Shares") to facilitate the issuance of Restricted ADSs evidenced in each case by restricted American Depositary Receipt certificates (the "Restricted ADRs") upon the exercise of the Warrants under the terms of Section 2.12 of the Deposit Agreement as supplemented by this Letter Agreement.

Under the Second Amended and Restated Registration Rights Agreement, dated as of the date hereof (the "Registration Rights Agreement"), by and between the Company and the Buyers (as hereinafter defined), the Company has agreed to file one or more registration statements under the Securities Act (the "Registration Statements") with the Commission and cause the Registration Statements to become effective upon the terms set forth therein. It is contemplated that the Restricted ADSs may be sold, transferred or otherwise disposed only (i) in connection with an effective registration statement under the Securities Act or (ii) upon receipt by the Company and the Depository of (a) an opinion of counsel to the transferor satisfactory to the Company and the Depository that the sale, transfer or other disposition is exempt from the

registration requirements of the Securities Act and (b) such other documentation satisfactory to the Company and the Depositary. The purpose and intent of this Letter Agreement is to supplement the Deposit Agreement for the sole purpose of accommodating the issuance of the Restricted ADSs upon the exercise of the Warrants, the issuance and delivery of Restricted ADRs, the transfer of the Restricted ADRs and the Restricted ADSs evidenced thereby, the withdrawal of Restricted Shares and the exchange of the Restricted ADSs for ADSs.

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company and the Depositary hereby agree, as follows:

1. **Depositary Procedures.** The Company instructs the Depositary, and the Depositary agrees, upon the terms and subject to the conditions set forth in this Letter Agreement, to (i) establish procedures to enable (x) the Company to deposit upon the exercise of the Warrants, in each case, from time to time in accordance with the terms of the Warrants, the applicable number of Restricted Shares to be represented by the corresponding number of Restricted ADSs, under the terms of Section 2.12 of the Deposit Agreement, as supplemented by the terms of this Letter Agreement, or the applicable number of Shares to be represented by the corresponding numbers of ADSs, under the terms of Section 2.3 of the Deposit Agreement provided that such Shares are freely transferable in Australia and rank in all respects *pari passu* with the Shares then held on deposit with the Custodian and represented by ADSs issued under Section 2.3 of the Deposit Agreement, as supplemented by the terms of this Letter Agreement, (y) the transfer of the Restricted ADR(s) and the Restricted ADSs evidenced thereby and the withdrawal of the Restricted Shares represented by Restricted ADSs (to the extent such Restricted Shares are deliverable under Australian law), and (z) the exchange of the Restricted ADSs for ADSs pursuant to the Registration Statement, in each case upon the terms, and subject

to the conditions, set forth in the Deposit Agreement, as supplemented by this Letter Agreement, and (ii) issue Restricted ADR(s) evidencing such Restricted ADSs, or ADSs if the Company has deposited Shares in accordance with sub-section 1(i)(x) hereof, in the names of the Buyers and permitted transferees or assign(s) of the Warrants (or their representatives) (each, a "Buyer") in denominations designated by the Company (not, in the aggregate, exceeding the corresponding number of Restricted Shares then held on deposit with the Custodian) and to deliver the Restricted ADR(s) so issued to the Buyers, in each case, upon receipt of the documentation and fees contemplated in the Second Amended ADS Issuance Instructions Letter.

2. **Company Assistance.** The Company agrees to (i) assist the Depositary in the establishment of procedures to enable the acceptance of the deposit by the Company of the Restricted Shares from time to time upon exercise of the Warrants, the issuance of the Restricted ADSs, the issuance and delivery of the Restricted ADR(s), the transfer of the Restricted ADR(s) and the Restricted ADSs evidenced thereby, the withdrawal of the Restricted Shares and the exchange of Restricted ADSs for ADSs, (ii) take all commercially reasonable steps necessary and satisfactory to the Depositary to ensure that the acceptance of the deposit of the Restricted Shares, the issuance of Restricted ADSs, the issuance and delivery of the Restricted ADR(s), the transfer of Restricted ADR(s) and the Restricted ADSs evidenced thereby, the exchange of Restricted ADSs for ADSs, and the withdrawal of Restricted Shares (to the extent such Restricted Shares are deliverable under Australian law), in each case upon the terms and conditions set forth in the Deposit Agreement, as supplemented by this Letter Agreement, do not materially prejudice the rights of Holders and Beneficial Owners of ADSs and do not violate the provisions of the Securities Act or any other applicable laws, (iii) deliver a copy of this Letter Agreement to each Buyer in connection with each exercise of the Warrants and (iv) cause each

Buyer to make the representations and acknowledgments required hereby. In furtherance of the foregoing, the Company shall (x) cause its U.S. counsel to deliver, in respect of each exercise of the Warrants, a legal opinion satisfactory to the Depositary addressing, *inter alia*, the following points: (1) the issuance of Restricted ADSs upon such exercise of the Warrants is exempt from the registration requirements of the Securities Act and the rules and regulations thereunder as interpreted by the Commission, and (2) the Company is not an "investment company" within the meaning of the Investment Company Act of 1940, as amended, (y) cause its Australian counsel to deliver an opinion to the Depositary addressing, *inter alia*, the following points: (1) this Letter Agreement has been duly executed and delivered for and on behalf of the Company by an officer of the Company duly elected or appointed and thereunto duly authorized and constitutes the legal, valid and binding agreement of the Company, enforceable against the Company in accordance with its terms in Australia, except as may be limited by bankruptcy, insolvency, moratorium or similar laws affecting creditors' rights generally and general principles of equity, (2) all requisite permissions, consents, approvals, authorizations and orders (if any) have been obtained and all requisite filings (if any) have been made in Australia to enable the Company to enter into this Letter Agreement and for the Company, the Depositary and the Buyers to engage in the transactions contemplated herein, (3) neither this Letter Agreement nor any other document or instrument delivered by the Company to the Depositary needs to be recorded or filed with any agency or authority under Australian law, nor does any stamp or similar tax need to be paid under Australian law to ensure the legality, validity, enforceability or admissibility into evidence of this Letter Agreement, (4) none of the terms of this Letter Agreement violate or conflict with, nor does the execution and delivery of this Letter Agreement or the consummation of the transactions contemplated herein violate or conflict with, the Constitution of the Company

or any agreement to which the Company is a party or by which the Company is bound, (5) none of the terms nor the transactions contemplated by this Letter Agreement violate any law, rule, regulation, order, judgment, administrative decree or regulation of Australia or to which the Company is otherwise subject, and (6) all of the Restricted Shares to be deposited with the Depository under the Deposit Agreement pursuant to the terms of Section 2.12 thereof and this Letter Agreement have been duly authorized and validly issued and are fully paid and nonassessable, and are free of any transfer or voting restrictions, and free of any preemptive rights (other than preemptive rights properly waived by the shareholders of the Company), and (z) complete, sign and deliver a deposit certification substantially in the form of Exhibit B hereto (the "Deposit Certification") by facsimile (followed by an original) to the Depository located at 111 Wall Street, 15th Floor, Zone 8, New York, New York 10043, Attn: Broker Services, facsimile no.: (212) 825- 2029, with a copy to 388 Greenwich Street, 14th Floor, New York, New York 10013, Attn: Paul Martin, facsimile no.: 212-816-6865. In the event a Buyer wishes to surrender one or more Restricted ADRs evidencing one or more Restricted ADSs to the Depository for cancellation of such Restricted ADSs and receipt of the corresponding number of Restricted Shares, the Company shall cause each such Buyer to complete and sign a withdrawal certification substantially in the form of Exhibit C hereto (the "Withdrawal Certification") and deliver such Withdrawal Certification, accompanied by the Restricted ADR(s) evidencing the Restricted ADSs being surrendered and payment of the fees of the Depository in the manner described in Section 6, to the Depository at the address, and in the manner, set forth on Exhibit C hereto and provide the Depository with written confirmation satisfactory to the Depository (which may include an opinion of Australian counsel) that the Restricted Shares are eligible for delivery to such Buyer under Australian law and the Company's Constitution, by executing the

Company's Acknowledgement and Representation attached thereto. In the event the Buyer wishes to deliver one or more Restricted ADRs evidencing one or more Restricted ADSs to the Depository for the issuance and delivery of ADSs in connection with an effective Registration Statement, the Company shall provide the Depository with written confirmation satisfactory to the Depository, including (i) an opinion of U.S. counsel in the form described in Section 9 that a Registration Statement is in effect as to such Buyer and (ii) written confirmation satisfactory to the Depository (which may include an opinion of Australian counsel) that the Shares to be represented by the ADSs rank *pari passu* in all respects with all Shares deposited with the Custodian and represented by ADSs then outstanding, and cause each such Buyer to complete and sign a resale issuance certification for unrestricted ADSs substantially in the form of Exhibit D hereto (the "Unrestricted ADS Issuance Certification") and to deliver such Unrestricted ADS Issuance Certification, accompanied by the Restricted ADR(s) evidencing the Restricted ADSs being surrendered in connection with the issuance and delivery of ADSs, together with payment of the fees of the Depository in the manner described in Section 9, to the Depository at the address, and in the manner, set forth on Exhibit D hereto.

3. **Limitations on Issuance of Restricted ADSs.** The Company hereby instructs the Depository, and the Depository agrees upon the terms, and subject to the conditions, set forth in this Letter Agreement, to issue to a Buyer and to deliver to a Buyer upon the exercise of the Warrants, Restricted ADR(s) evidencing the applicable number of Restricted ADSs designated by the Company (not, in the aggregate, exceeding the corresponding number of Restricted Shares being deposited at any time) upon receipt of (i) confirmation of the due deposit by the Company with the Custodian of the applicable number of Restricted Shares provided for below, (ii) the opinions of U.S. and Australian counsel identified in Section 2 hereof, (iii) the

corresponding Deposit Certifications set forth in Exhibit B hereto, and (iv) payment by wire transfer to the Depository's account (ABA # 021000089, Citibank New York, Attn.: CitiADR Department, RE: pSivida RADR Issuance, A/C# 3685-9028) of a Restricted ADS issuance fee of \$0.03 per Restricted ADS issued, together with all applicable taxes and expenses otherwise payable under the terms of the Deposit Agreement for the deposit of Shares and issuance of ADSs (including, without limitation, confirmation that any Australian stock transfer taxes in respect of such deposit (if any) have been paid). The Restricted ADSs issued upon the deposit of Restricted Shares shall be separately identified on the books of the Depository under CUSIP No. 74439M 11 5 and the Restricted Shares shall be held separate and distinct from the other Deposited Securities held by the Custodian in respect of the ADSs issued under the Deposit Agreement that are not Restricted ADSs. Neither the Restricted Shares nor the Restricted ADSs shall be eligible for "*Pre-Release Transactions*" described in Section 5.10 of the Deposit Agreement. The Restricted ADSs shall not be eligible for inclusion in any book-entry settlement system, including, without limitation, The Depository Trust Company, and shall not in any way be fungible with the other ADSs issued under the terms of the Deposit Agreement that are not Restricted ADSs (except upon the terms and conditions set forth in Section 9 hereof). Nothing contained in this Letter Agreement shall in any way be deemed to obligate the Depository, or to give authority to the Depository, to accept any Shares (other than the Restricted Shares described herein) for deposit under the terms hereof.

4. **Stop Transfer Notation and Legend.** The books of the Depository shall identify the Restricted ADSs as "restricted" and shall contain a "stop transfer" notation to that effect. The Restricted ADR(s) shall contain the following legends:

**THIS RESTRICTED AMERICAN DEPOSITARY RECEIPT HAS BEEN
ISSUED PURSUANT, AND IS SUBJECT, TO THE TERMS OF THE**

LETTER AGREEMENT, DATED AS OF MAY 15, 2007 (THE "LETTER AGREEMENT"), BY AND BETWEEN THE DEPOSITARY AND PSIVIDA LIMITED (THE "COMPANY").

NEITHER THE ISSUANCE NOR THE SALE OF THIS RESTRICTED ADR OR THE RESTRICTED ADSs EVIDENCED HEREBY HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR APPLICABLE STATE SECURITIES LAWS. THE RESTRICTED ADR AND THE RESTRICTED ADSs EVIDENCED HEREBY MAY NOT BE OFFERED FOR SALE, SOLD, TRANSFERRED OR ASSIGNED (I) IN THE ABSENCE OF (A) AN EFFECTIVE REGISTRATION STATEMENT FOR THE RESTRICTED ADR AND THE RESTRICTED ADSs EVIDENCED HEREBY UNDER THE SECURITIES ACT OF 1933, AS AMENDED OR (B) AN OPINION OF COUNSEL, IN A FORM REASONABLY ACCEPTABLE TO THE DEPOSITARY AND THE COMPANY, THAT REGISTRATION IS NOT REQUIRED UNDER SAID ACT OR (II) IF SOLD PURSUANT TO RULE 144 OR RULE 144A UNDER SAID ACT, SUCH DOCUMENTS, OPINIONS AND CERTIFICATES AS THE COMPANY MAY REASONABLY REQUIRE. NOTWITHSTANDING THE FOREGOING, THE RESTRICTED ADR AND THE RESTRICTED ADSs EVIDENCED HEREBY MAY BE PLEDGED IN CONNECTION WITH A BONA FIDE MARGIN ACCOUNT OR OTHER LOAN OR FINANCING ARRANGEMENT SECURED BY THE SECURITIES.

THE DEPOSITARY SHALL NOT AT ANY TIME REGISTER THE TRANSFER OF THIS RESTRICTED ADR OR THE RESTRICTED ADSs EVIDENCED HEREBY UNLESS IT HAS RECEIVED A SATISFACTORY OPINION OF COUNSEL THAT SUCH TRANSFER IS EXEMPT FROM REGISTRATION UNDER THE SECURITIES ACT OR A WRITTEN CERTIFICATION THAT (X) SUCH SALE WAS MADE IN ACCORDANCE WITH AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT COVERING SUCH SALE AND (Y) ALL APPLICABLE PROSPECTUS DELIVERY REQUIREMENTS HAVE BEEN SATISFIED. NO REPRESENTATION IS MADE AS TO THE AVAILABILITY OF THE EXEMPTIONS PROVIDED BY RULE 144, RULE 144A OR REGULATION S UNDER THE SECURITIES ACT FOR RESALE OF THE RESTRICTED SHARES OR THE RESTRICTED ADSs.

THE DEPOSITARY SHALL NOT AT ANY TIME CANCEL THIS RESTRICTED ADR OR THE RESTRICTED ADSs EVIDENCED HEREBY FOR THE PURPOSE OF WITHDRAWAL OF THE RESTRICTED SHARES REPRESENTED BY THE RESTRICTED ADSs EVIDENCED HEREBY UNLESS IT SHALL HAVE RECEIVED WRITTEN CONFIRMATION SATISFACTORY TO THE DEPOSITARY (WHICH MAY INCLUDE AN OPINION OF AUSTRALIAN COUNSEL)

THAT THE RESTRICTED SHARES ARE ELIGIBLE FOR DELIVERY UNDER AUSTRALIAN LAW, A SIGNED WITHDRAWAL CERTIFICATION (AS DEFINED AND IN THE FORM PRESENTED IN THE LETTER AGREEMENT) AND THE FEES APPLICABLE TO CANCELLATION OF ADSs UNDER THE DEPOSIT AGREEMENT, AS SUPPLEMENTED BY THE LETTER AGREEMENT.”

5. **Limitations on Transfer of Restricted ADSs.** The Restricted ADR(s) and the Restricted ADSs evidenced thereby, shall be transferable by the Holder thereof, in transactions other than those described in Section 9 hereof, only upon delivery to the Depositary of (i) all documentation otherwise contemplated by the Deposit Agreement, (ii) an opinion of the applicable Holder’s U.S. counsel reasonably satisfactory to the Depositary stating that, *inter alia*, the requested transfer is in accordance with the conditions upon which the Restricted ADR(s) are, and the Restricted ADSs evidenced thereby are, transferable by the Holder thereof under applicable securities laws and the transfer restrictions contained in the legend set forth on the Restricted ADR(s) presented for transfer, and (iii) payment of all standard fees related to the transfer of an ADR(s) under the Deposit Agreement.

6. **Limitations On Cancellation of Restricted ADSs and Withdrawal of Restricted Shares.** The Company instructs the Depositary, and the Depositary agrees, not to release any Restricted Shares nor cancel any Restricted ADSs upon presentation to it of Restricted ADR(s) for the purpose of withdrawing the underlying Restricted Shares, unless (w) all of the conditions applicable to the withdrawal of Shares from the depository receipts facility created pursuant to the terms of the Deposit Agreement have been satisfied, and (x) the Depositary has received written confirmation from the Company satisfactory to the Depositary (which may include an opinion of Australian counsel) that the Restricted Shares are eligible for delivery to the withdrawing Buyer under Australian law, (y) payment by the withdrawing Buyer by wire transfer to the Depositary’s account (ABA # 021000089, Citibank New York, Attn.:

CitiADR Department, RE: pSivida RADR Issuance, A/C# 3685-9028) of a deposited securities withdrawal fee of \$0.03 per Restricted ADS surrendered and taxes and expenses otherwise payable under the terms of the Deposit Agreement upon the withdrawal of Shares upon surrender of ADSs (including, without limitation, confirmation that any Australian stock transfer taxes in respect of such deposit (if any) have been paid) and (z) a duly completed and signed Withdrawal Certification from the person requesting the withdrawal of the Restricted Shares.

7. **[Reserved]**

8. **Fungibility.** Except as contemplated in the Deposit Agreement and this Letter Agreement and except as required by applicable law, the Restricted ADR(s) and the Restricted ADSs evidenced thereby shall, to the maximum extent permitted by law and to the maximum extent practicable, be treated as ADR(s) and ADSs issued and outstanding under the terms of the Deposit Agreement that are not "Restricted ADR(s)" and "Restricted ADSs," respectively, on terms not less favorable than those afforded to such ADR(s) and ADSs. Nothing contained herein shall obligate the Depository to treat Holders of Restricted ADR(s) on terms more favorable than those accorded to Holders of ADRs under the Deposit Agreement.

9. **Resales or Issuances Pursuant to the Registration Statement.** Provided the Depository has received (w) an opinion of U.S. counsel satisfactory to the Depository that addressing the following points: (1) a Registration Statement has been declared effective under the Securities Act, and, to such counsel's knowledge, no stop order suspending the effectiveness of the Registration Statement or any part thereof has been issued and no proceedings for that purpose have been instituted or are pending or contemplated under the Securities Act (or, with respect to any reports under the Exchange Act incorporated therein by reference), (2) the Company is not an "investment company" within the meaning of the Investment Company Act

of 1940, as amended, and (3) the proposed resale by or issuance to each of such Buyer of unrestricted ADSs is covered by such Registration Statement, (x) a properly completed and duly executed Unrestricted ADS Issuance Certification from each of such Buyer, (y) written confirmation from the Company satisfactory to the Depositary (which may include an opinion of Australian counsel) that the Shares to be represented by the ADSs rank *pari passu* in all respects with all Shares deposited with the Custodian and represented by ADSs then outstanding under Section 2.3 of the Deposit Agreement, and (z) a fee of \$0.03 per Restricted ADS (or fraction thereof) surrendered for cancellation and for the subsequent issuance of the corresponding number of ADSs or per unrestricted ADS to be issued, the Depositary shall take all actions necessary to remove any distinctions previously existing between the applicable Restricted ADSs and the ADSs that are not Restricted ADSs, including, without limitation, by (i) causing the Custodian to (a) transfer the applicable number of Restricted Shares or (b) accept for deposit the unrestricted Shares into the account for the Deposited Securities in respect of the ADSs that are not Restricted ADSs, (ii) if applicable, removing the stop transfer notations on its records in respect of the relevant ADSs previously identified as Restricted ADSs, and (iii) if applicable, under Section 2.3 of the Deposit Agreement removing the legend from the Restricted ADR(s) identified in Section 4 above. The Depositary will no longer treat the applicable Restricted ADSs as "Restricted ADSs" under the terms of the Deposit Agreement upon the Depositary's receipt of the documentation set forth above.

10. Representations and Warranties. The Company hereby represents and warrants that (a) the Restricted Shares to be deposited by the Company upon the exercise of the Warrants by a Buyer will be validly issued, fully paid and non-assessable, and free of any statutory preemptive rights of the holders of outstanding Shares, (b) the Company is not and will

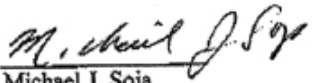
not be at the time of deposit prohibited from depositing the Restricted Shares with the Custodian as a result of any agreement to which the Company is a party or is bound, and (c) the Restricted Shares to be deposited upon the exercise of the Warrants by the Company will rank *pari passu*, in all respects, including, without limitation, as to trading (subject to the operation of the Corporations Act 2001 (Cth) in relation to the sale of securities issued in Australia without a disclosure document), settlement, distributions, liquidation and preemptive rights, to the issued and outstanding Shares that are on deposit under the Deposit Agreement. Such representations and warranties shall be true and correct as of, and shall survive, the deposit of the Restricted Shares, the issuance of Restricted ADSs, and the issuance and delivery of Restricted ADR(s).

11. **Indemnity.** The Company and the Depository acknowledge and agree that the indemnification provisions under Section 5.8 of the Deposit Agreement shall apply to the actions taken by the Depository in reliance upon the representations and warranties of the Company set forth herein and the acceptance of Restricted Shares for deposit, the issuance of Restricted ADSs, the issuance and delivery of Restricted ADR(s), the transfer of Restricted ADR(s) and the Restricted ADSs evidenced thereby, the withdrawal of Restricted Shares, the exchange of the Restricted ADSs into ADSs, the removal of the stop transfer notations on its records and the removal of the legend from the Restricted ADR(s) in connection with the exercise of the Warrants when such exercise shall have taken place and upon the terms set forth herein, as well as to any other acts performed or omitted by the Depository as contemplated by this letter agreement.

This letter agreement shall be interpreted and all rights hereunder shall be governed by the laws of the State of New York without regards to the principles of conflicts of law thereof.

The Company and the Depositary have caused this letter agreement to be executed and delivered on their behalf by their respective officers thereunto duly authorized as of the date set forth above.

PSIVIDA LIMITED

By: 
Name: Michael J. Soja
Title: Vice President, Finance and CFO

CITIBANK, N.A.

By: _____
Name: Paul Martin
Title: Vice President

EXHIBIT LIST

- A. Purchase Agreement
- B. Deposit Certification
- C. Withdrawal Certification
- D. Issuance Certification
- E. Form of Restricted ADR
- F. Deposit Agreement

The Company and the Depositary have caused this letter agreement to be executed and delivered on their behalf by their respective officers thereunto duly authorized as of the date set forth above.

PSIVIDA LIMITED

By: _____
Name: Michael J. Soja
Title: Vice President, Finance and CFO

CITIBANK, N.A.


By: 
Name: Paul Martin
Title: Vice President

EXHIBIT LIST

- A. Purchase Agreement
- B. Deposit Certification
- C. Withdrawal Certification
- D. Issuance Certification
- E. Form of Restricted ADR
- F. Deposit Agreement

EXHIBIT A

Purchase Agreement

EXHIBIT B
to
Letter Agreement, dated as of May 15, 2007
(the "Letter Agreement"), by and between
pSivida Limited and Citibank, N.A.

DEPOSIT CERTIFICATION

Citibank, N.A., as Depositary
c/o Agency & Trust Department
111 Wall Street, 15th Floor / Zone 8
New York, New York 10043
Attn.: Broker Services
Facsimile: (212) 825-2029

pSivida Limited
Level 12 BGC Centre
28 The Esplanade
Perth, WA 6000
Australia

Re: pSivida Limited Restricted ADSs

Reference is hereby made to (i) the Deposit Agreement, dated as of January 24, 2005 (the "Deposit Agreement"), by and among pSivida Limited (the "Company"), Citibank, N.A., as Depositary (the "Depositary"), and all Holders and Beneficial Owners of American Depositary Shares (the "ADSs") evidenced by American Depositary Receipts (the "ADRs") issued thereunder, and (ii) the Second Amended ADS Instructions Letter Agreement, dated as of May 15, 2007 (the "Letter Agreement"), by and between the Company and the Depositary. Capitalized terms used but not defined herein shall have the meanings given to them in the Letter Agreement or the Deposit Agreement, as applicable.

1. The undersigned represents and warrants that (a) the Restricted Shares [Shares] to be deposited for the purpose of the issuance of the Restricted ADSs [unrestricted ADSs] are validly issued, fully paid and non-assessable, and free of any statutory preemptive rights of the holders of outstanding Shares, (b) the undersigned is not prohibited from depositing the Restricted Shares [Shares] with the Custodian on account of any regulation, contractual undertaking or any limitation to any undertaking, and (c) the Restricted Shares [Shares] being deposited by the undersigned for the issuance of the Restricted ADSs [unrestricted ADSs] rank *pari passu*, in all respects, including, without limitation, as to distributions, liquidation, voting and preemptive rights, and will rank *pari passu* as to trading and settlement to the issued and outstanding Shares that are on deposit under the Deposit Agreement. Such representations and

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warranties shall be true and correct as of, and shall survive, the deposit of the Restricted Shares [Shares], the issuance of the Restricted ADSs [unrestricted ADSs], and the issuance and delivery of the Restricted ADR(s) [ADR(s)].

2. [The undersigned hereby irrevocably undertakes to disclose to (a) the Australian Stock Exchange Limited, or the market operated by it, the issuance to the Holder of the Shares for the purpose of the issuance of the unrestricted ADSs by issuing a notice in accordance with section 708A(6) of the Corporations Act of Australia or similar disclosing document (each, a "Notice") and (b) the Australian Securities and Investments Commission the issuance of the Shares for the purpose of the issuance of the unrestricted ADSs by way of notification, in each case, within five (5) Business Days after the issuance of the Shares. Upon issuance of such Notice, the Shares deposited with the Custodian for the purpose of the issuance of the unrestricted ADSs shall be free of any transfer restrictions.]

3. The undersigned agrees and acknowledges that, prior to the issuance of the Restricted ADSs [unrestricted ADSs], the undersigned shall pay to the Depository by wire transfer to the Depository's account (ABA # 021000089, Citibank New York, Attn.: CitiADR Department, RE: pSivida RADR Issuance, A/C# 3685-9028, all applicable fees of the Depository (as set forth on Exhibit B to the Deposit Agreement), including, without limitation, an issuance fee of \$0.03 per Restricted ADS [unrestricted ADS] issued, payable in connection with the issuance and delivery of the Restricted ADSs [ADSs].

4. The undersigned further agrees and acknowledges that the Depository will rely upon the truth and accuracy of the foregoing certifications and agrees that if any of the certifications made herein are no longer accurate, it shall promptly notify the Depository.

5. The undersigned further agrees and acknowledges, and has informed each Holder named below, that the Depository shall have no obligation, and shall incur no liability for its failure, to withhold or report any amounts in connection with any applicable Australian or U.S. tax law.

6. The undersigned acknowledges that (i) it has provided each Holder named below with a copy of the Deposit Agreement and Letter Agreement, respectively (ii) it has informed each Holder that copies of the Deposit Agreement and the Letter Agreement are available for inspection at the principal office of the Depository, located at 388 Greenwich Street, 14th Floor, New York, New York 10013, Attn: ADR Department, and (iii) each Holder named below agrees to be bound by the terms of the Restricted ADR(s) [ADR(s)], the Deposit Agreement and Letter Agreement, respectively.

[The remainder of this page is intentionally left blank.]

6. The undersigned hereby requests that the Depositary, following confirmation of receipt by the Custodian of the deposit of

[NUMBER]
Restricted Shares [Shares],

issue Restricted ADR(s) [ADR(s)] evidencing an aggregate of

[NUMBER]

Restricted ADSs (CUSIP No.: 74439M 11 5) [ADSs (CUSIP No.: 74439M 90 9)]

in the name of the Holder and in the corresponding denomination set forth below and deliver such Restricted ADR(s) [ADR(s)] evidencing the Restricted ADSs [unrestricted ADSs] so issued to the Holder at the applicable address:

<u>Name of Holder</u>	<u>Address of Holder and Telephone Number</u>	<u>Number of Restricted ADSs [unrestricted ADSs] to be Issued to Holder</u>
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PSIVIDA LIMITED

By: _____
Name:
Title:
Date:

EXHIBIT C
to
Letter Agreement, dated as of May 15, 2007
(the "Letter Agreement"), by and between
pSivida Limited and Citibank, N.A.

WITHDRAWAL CERTIFICATION

[DATE]

pSivida Limited
400 Pleasant Street
Watertown, MA 02472

By Hand

Citibank, N.A.
Agency & Trust Department
111 Wall Street, 15th Floor / Zone 8
New York, New York 10043
Attn.: Margie Beckman

By Mail

Citibank, N.A., Agency & Trust Department
111 Wall Street, 15th Floor, Zone 8
New York, New York
Zip Code for Registered and Regular Mail: 10043
Zip Code for Overnight Mail: 10005
Attn: Margie Beckman

Re: pSivida Limited Restricted ADSs

Dear Sirs:

Reference is hereby made to (i) the Deposit Agreement, dated as January 24, 2005 (the "Deposit Agreement"), by and among pSivida Limited (the "Company"), Citibank, N.A., as Depository (the "Depository"), and all Holders and Beneficial Owners of American Depositary Shares (the "ADSs") evidenced by American Depositary Receipts (the "ADRs") issued thereunder, and (ii) the Second Amended ADS Instructions Letter Agreement, dated as of May 15, 2007 (the "Letter Agreement"), by and between the Company and the Depository. Capitalized terms used but not defined herein shall have the meanings given to them in the Letter Agreement or the Deposit Agreement, as applicable.

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This Withdrawal Certification is being furnished in connection with the withdrawal of Restricted Shares upon surrender of the Restricted ADR(s) evidencing Restricted ADSs to the Depository.

A. We certify that either:

- (i) We are the beneficial owner of the Restricted ADSs and we have sold or otherwise transferred, or agreed to sell or otherwise transfer and at or prior to the time of withdrawal will have sold or otherwise transferred, the Restricted ADSs or the Restricted Shares (i) to a person other than a U.S. person (as defined in Regulation S under the Securities Act) located outside of the United States (as defined in Regulation S under the Securities Act) in a transaction complying with the requirements of Regulation S under the Securities Act, (ii) in accordance with Rule 144 under the Securities Act, if available, or (iii) pursuant to an effective registration statement under the Securities Act covering such sale or transfer;

OR

- (ii) We are the beneficial owner of the Restricted ADSs or will be the beneficial owner of the Restricted Shares upon withdrawal, and, accordingly, we agree that (x) we will not offer, sell, pledge or otherwise transfer the Restricted Shares except (i) to a person other than a U.S. person (as defined in Regulation S under the Securities Act) located outside of the United States (as defined in Regulation S under the Securities Act) in a transaction complying with the requirements of Regulation S under the Securities Act, (ii) in accordance with Rule 144 under the Securities Act, if available, or (iii) pursuant to an effective registration statement under the Securities Act covering such offer, sale, pledge or transfer, and (y) we will not deposit or cause to be deposited such Restricted Shares into any depository receipt facility established or maintained by a depository bank in the United States (including any such facility maintained by the Depository).

B. We acknowledge that the Company and the Depository will rely upon the truth and accuracy of the foregoing certifications and agree that if any of the certifications made by us herein are no longer accurate, we shall promptly notify the Depository.

C. We agree and acknowledges that, prior to the issuance of the Restricted Shares upon surrender of the Restricted ADSs, the undersigned shall pay to the Depository (by wire transfer to the Depository's account (ABA # 021000089, Citibank New York, Attn.: CitiADR Department, RE: pSivida RADR Issuance, A/C# 3685-9028, all applicable fees of the Depository (as set forth on Exhibit B to the Deposit Agreement), including, without limitation, a withdrawal fee of \$0.03 per Restricted ADS surrendered, payable in connection with the delivery of the Restricted Shares.

D. We have confirmed with the Company that the Restricted Shares are deliverable to the undersigned by means of the signed acknowledgement below.

Very truly yours,

[NAME OF SURRENDERING HOLDER]

Name:

Title:

Date:

Company Acknowledgement and Representations

In connection with the surrender of Restricted ADSs and requested withdrawal of Restricted Shares by the person named above, we hereby acknowledge receipt of this Withdrawal Certification and represent that the Restricted Shares to be released upon cancellation of the Restricted ADSs surrendered hereby are freely deliverable under Australian law and the Constitution of the Company.

PSIVIDA LIMITED

By: _____

Name:

Title:

Date:

EXHIBIT D
to
Letter Agreement, dated as of May 15, 2007
(the "Letter Agreement"), by and between
pSivida Limited and Citibank, N.A.

ISSUANCE CERTIFICATION FOR UNRESTRICTED ADSs

[Date]

pSivida Limited
400 Pleasant Street
Watertown, MA 02472

By Hand

Citibank, N.A., as Depositary
c/o Agency & Trust Department
111 Wall Street, 15th Floor / Zone 8
New York, New York 10043
Attn.: Margie Beckman

By Mail

Citibank, N.A., Agency & Trust Department
111 Wall Street, 15th Floor, Zone 8
New York, New York
Zip Code for Registered and Regular Mail: 10043
Zip Code for Overnight Mail: 10005
Attn: Margie Beckman

Re: pSivida Limited Restricted ADSs [ADSs]

Ladies and Gentlemen:

Reference is hereby made to (i) the Deposit Agreement, dated as of January 24, 2005 (the "Deposit Agreement"), by and among pSivida Limited (the "Company"), Citibank, N.A., as Depositary (the "Depositary"), and all Holders and Beneficial Owners of American Depositary Shares (the "ADSs") evidenced by American Depositary Receipts (the "ADRs") issued thereunder, and (ii) the Second Amended ADS Instructions Letter Agreement, dated as of May 15, 2007 (the "Letter Agreement"), by and between the Company and the Depositary. Capitalized terms used but not defined herein shall have the meanings given to them in the Letter Agreement or the Deposit Agreement, as applicable.

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This Issuance Certification for Unrestricted ADSs is being provided in connection with our request to the Depositary to (please check the applicable box) exchange the Restricted ADR(s) evidencing the Restricted ADSs enclosed herewith for issuance and delivery of the ADSs to the purchaser identified below or issue ADSs according to the delivery instructions set forth below.

A. The undersigned hereby certifies that (check the appropriate box):

1. The resale of ADSs by me to the purchaser(s) is registered under, and the terms of such resale of ADSs are contemplated and described in, an effective registration statement filed with the Commission (the "Registration Statement") or the ADSs to be issued according to the delivery instructions below have been registered under the Registration Statement;
2. I am not or to my knowledge the purchaser of the ADSs was not, at the time of the purchase of such ADSs, and will not be, at the time of the delivery of such ADSs to the purchaser, an Affiliate of the Company or a person acting on behalf of such an Affiliate;
3. I am a "Selling Stockholder" or a "Warrant Holder" as provided for, and my contact information and beneficial ownership information are properly identified, in the Registration Statement, and I am engaging in the resale upon the terms, and in compliance with all conditions, described in the Registration Statement;
4. To my knowledge no stop order suspending the effectiveness of the Registration Statement or any part thereof has been issued (or with respect to any reports incorporated therein by reference, under the Exchange Act) and no proceedings for that purpose have been instituted or are pending or contemplated by the Commission under the Securities Act;
5. I have received or made delivery or will concurrently with the resale to the purchaser make delivery to the purchaser(s) of, a prospectus in accordance with, and in full compliance with, the applicable requirements under the Securities Act (and the regulations thereunder);
6. I have not been advised by the Company that the issuance to me or the sale by me of the ADSs to the purchaser(s), is restricted by the Company on account of any "black-out" periods as a result of U.S. or Australian regulation or course of practice; and
7. (a) the Shares represented by the ADSs to be delivered to me or the Restricted ADSs currently held by me and which will be represented by the ADSs

upon the issuance thereof to the purchaser(s), are validly issued, fully paid and non-assessable, and free of any preemptive rights, (b) the Shares which will be represented by ADSs upon issuance thereof to me or the purchaser(s) rank *pari passu*, in all respects, including, without limitation, as to trading, settlement, distributions, liquidation and preemptive rights, to the issued and outstanding Shares, and (c) I am the legal and beneficial owner of the ADSs to be delivered to me and of the Shares represented thereby or the Restricted ADSs surrendered herewith and of the Shares represented thereby and such ADSs and the Shares represented thereby or Restricted ADSs and the Shares represented thereby are free and clear of any lien, security interest, option or other charge or encumbrance (other than the restrictions set forth in the Deposit Agreement and the Letter Agreement).

B. If Restricted ADSs are being exchanged for ADSs, the undersigned hereby requests that the Depository:

(i) accept, for the issuance of ADSs, the surrender of

Restricted ADR(s) Certificate Number(s):

_____ evidencing

_____ Restricted ADSs (CUSIP No.: 74439M 11 5)

C. The undersigned hereby requests that the Depository, following (x) confirmation of receipt by the Depository of the surrender of the Restricted ADR(s) provided for in (i) above, and (y) the Company's acknowledgements and representations below, issue and deliver "free" the following number of ADSs:

_____ (CUSIP No.: 74439M 10 7)

to the purchaser at the following address:

1. If ADSs are to be issued and delivered by means of book-entry transfer:

Name of DTC Participant:	
DTC Participant Account No.:	
Account No. for Purchaser at DTC Participant (f/b/o information):	

Onward Delivery instructions to Purchaser:	
Contact person at DTC Participant:	
Daytime Telephone Number of contact person at DTC Participant:	

2. If ADSs are to be issued delivered in the form of an ADR certificate:

Name of Purchaser:	
Street Address:	
City, State, and Country:	
Nationality:	
Social Security or Tax Identification Number:	

D. The undersigned agrees and acknowledges that, prior to the issuance of the ADSs requested in Section C above, it shall pay to the Depository (by wire transfer to the Depository's account (ABA # 021000089, Citibank New York, Attn.: CitiADR Department, RE: pSivida RADR Issuance, A/C# 3685-9028, all applicable fees of the Depository (as set forth on Exhibit B to the Deposit Agreement), including, without limitation, a cancellation and issuance fee of \$0.03 per Restricted ADS cancelled and ADS issued or an issuance fee of \$0.03 per ADS issued, in each case payable in connection with the issuance and delivery of the ADSs.

E. The undersigned further agrees and acknowledges that the Company and the Depository will rely upon the truth and accuracy of the foregoing certifications and agrees that if any of the certifications made herein are no longer accurate, it shall promptly notify the Depository.

Very truly yours,

[NAME]
[TITLE]
[DATE]

pSivida Limited
Level 12 BGC Centre
28 The Esplanade
Perth, WA 6000
Australia

As of September 14, 2006

Citibank, N.A. - ADR Department
388 Greenwich Street, 14th Floor
New York, New York 10013

Re: Restricted pSivida ADSs

Ladies and Gentlemen:

Reference is made to (i) the Deposit Agreement, dated as of January 24, 2005 (the "Deposit Agreement"), by and among pSivida Limited, a company organized under the laws of the Commonwealth of Australia (the "Company"), Citibank, N.A., as Depositary (the "Depositary"), and all Holders and Beneficial Owners of American Depositary Shares ("ADSs") evidenced by American Depositary Receipts ("ADRs") issued thereunder, (ii) the Securities Purchase Agreement, dated October 5, 2005 (the "Securities Purchase Agreement"), as amended by the Amendment Agreement, dated as of July 28, 2006 (as so amended, the "Purchase Agreement"), by and between the Company and the buyer(s) named therein, (iii) the Company's Amended and Restated Convertible Note issued pursuant to the Purchase Agreement (the "Notes") and (iv) the Company's warrants issued pursuant to the Securities Purchase Agreement and Series A warrants and Series B warrants issued pursuant to the Purchase Agreement (collectively, the "Warrants"). All capitalized terms used, but not otherwise defined, in this letter agreement (the "Letter Agreement") shall have the meaning assigned thereto in the Deposit Agreement.

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Under the Purchase Agreement, the Company has agreed to sell to the Buyers and the Buyers have agreed to purchase, (i) the Notes with respect to which the principal amount and interest due shall be convertible into American Depositary Shares (the "Restricted ADSs") upon the terms and subject to the conditions set forth therein and (ii) the Warrants exercisable for Restricted ADSs, in each case, without registration under the Securities Act. The Company has instructed the Depository to issue Restricted ADSs in connection with (i) the conversion of the principal amount of the Notes or the interest thereon or (ii) the exercise of the Warrants, in each case, upon receipt of the documentation and fees contemplated in the Amended ADS Issuance Instructions Letter, dated September 14, 2006 (the "Issuance Instructions Letter"). The Company wishes to enable the deposit of the applicable number of ordinary shares of the Company (the "Restricted Shares") to facilitate the issuance of Restricted ADSs evidenced in each case by restricted American Depositary Receipt certificates (the "Restricted ADRs") upon (i) the conversion of the principal amount of the Notes or the interest thereon or (ii) the exercise of the Warrants, in each case, under the terms of Section 2.12 of the Deposit Agreement as supplemented by this Letter Agreement.

Under the Amended and Restated Registration Rights Agreement, dated as of September 14, 2006 by and between the Company and the Buyers (the "Registration Rights Agreement"), the Company has agreed to file a registration statement under the Securities Act (the "Registration Statement") with the Commission and cause the Registration Statement to become effective upon the terms set forth therein. It is contemplated that the Restricted ADSs may be sold, transferred or otherwise disposed only (i) in connection with an effective registration statement under the Securities Act or (ii) upon receipt by the Company and the Depository of (a) an opinion of counsel to the transferor satisfactory to the Company and the

Depository that the sale, transfer or other disposition is exempt from the registration requirements of the Securities Act and (b) such other documentation satisfactory to the Company and the Depository. The purpose and intent of this Letter Agreement is to supplement the Deposit Agreement for the sole purpose of accommodating the issuance of the Restricted ADSs upon (i) the conversion of the principal amount of the Notes or the interest thereon or (ii) the exercise of the Warrants, the issuance and delivery of Restricted ADRs, the transfer of the Restricted ADRs and the Restricted ADSs evidenced thereby, the withdrawal of Restricted Shares and the exchange of the Restricted ADSs for ADSs.

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company and the Depository hereby agree, as follows:

1. **Depository Procedures.** The Company instructs the Depository, and the Depository agrees, upon the terms and subject to the conditions set forth in this Letter Agreement, to (i) establish procedures to enable (x) the Company to deposit upon (a) the conversion of the principal amount of the Notes or the interest thereon or (b) the exercise of the Warrants, in each case, from time to time in accordance with the terms of the Notes and the Warrants, the applicable number of Restricted Shares to be represented by the corresponding number of Restricted ADSs, in each case under the terms of Section 2.12 of the Deposit Agreement, as supplemented by the terms of this Letter Agreement, (y) the transfer of the Restricted ADR(s) and the Restricted ADSs evidenced thereby and the withdrawal of the Restricted Shares represented by Restricted ADSs (to the extent such Restricted Shares are deliverable under Australian law), and (z) the exchange of the Restricted ADSs for ADSs pursuant to the Registration Statement, in each case upon the terms, and subject to the conditions, set forth in the Deposit Agreement, as supplemented by this Letter Agreement, and

(ii) issue Restricted ADR(s) evidencing such Restricted ADSs in the names of the Buyers and permitted transferees or assign(s) of the Notes or the Warrants (or their representatives) (each, a "Buyer") in denominations designated by the Company (not, in the aggregate, exceeding the corresponding number of Restricted Shares then held on deposit with the Custodian) and to deliver the Restricted ADR(s) so issued to the Buyers, in each case, upon receipt of the documentation and fees contemplated in the ADS Issuance Instructions Letter.

2. **Company Assistance.** The Company agrees to (i) assist the Depositary in the establishment of procedures to enable the acceptance of the deposit by the Company of the Restricted Shares from time to time upon conversion of the principal amount of the Notes or the interest thereon and exercise of the Warrants, the issuance of the Restricted ADSs, the issuance and delivery of the Restricted ADR(s), the transfer of the Restricted ADR(s) and the Restricted ADSs evidenced thereby, the withdrawal of the Restricted Shares and the exchange of Restricted ADSs for ADSs, (ii) take all commercially reasonable steps necessary and satisfactory to the Depositary to ensure that the acceptance of the deposit of the Restricted Shares, the issuance of Restricted ADSs, the issuance and delivery of the Restricted ADR(s), the transfer of Restricted ADR(s) and the Restricted ADSs evidenced thereby, the exchange of Restricted ADSs for ADSs, and the withdrawal of Restricted Shares (to the extent such Restricted Shares are deliverable under Australian law), in each case upon the terms and conditions set forth in the Deposit Agreement, as supplemented by this Letter Agreement, do not materially prejudice the rights of Holders and Beneficial Owners of ADSs and do not violate the provisions of the Securities Act or any other applicable laws, (iii) deliver a copy of this Letter Agreement to each Buyer in connection with each conversion of the principal amount of the Notes or the interest thereon or exercise of the Warrants and (iv) cause each Buyer to make the representations and

acknowledgments required hereby. In furtherance of the foregoing, the Company shall (x) cause its U.S. counsel to deliver, in respect of each conversion of the principal amount of the Notes or the interest thereon or exercise of Warrants, a legal opinion satisfactory to the Depositary addressing, *inter alia*, the following points: (1) the issuance of Restricted ADSs upon such conversion of the principal amount of the Notes or the interest thereon or exercise of the Warrants is exempt from the registration requirements of the Securities Act and the rules and regulations thereunder as interpreted by the Commission, and (2) the Company is not an “investment company” within the meaning of the Investment Company Act of 1940, as amended, (y) cause its Australian counsel to deliver an opinion to the Depositary addressing, *inter alia*, the following points: (1) this Letter Agreement has been duly executed and delivered for and on behalf of the Company by an officer of the Company duly elected or appointed and thereunto duly authorized and constitutes the legal, valid and binding agreement of the Company, enforceable against the Company in accordance with its terms in Australia, except as may be limited by bankruptcy, insolvency, moratorium or similar laws affecting creditors’ rights generally and general principles of equity, (2) all requisite permissions, consents, approvals, authorizations and orders (if any) have been obtained and all requisite filings (if any) have been made in Australia to enable the Company to enter into this Letter Agreement and for the Company, the Depositary and the Buyers to engage in the transactions contemplated herein, (3) neither this Letter Agreement nor any other document or instrument delivered by the Company to the Depositary needs to be recorded or filed with any agency or authority under Australian law, nor does any stamp or similar tax need to be paid under Australian law to ensure the legality, validity, enforceability or admissibility into evidence of this Letter Agreement, (4) none of the terms of this Letter Agreement violate or conflict with, nor does the execution

and delivery of this Letter Agreement or the consummation of the transactions contemplated herein violate or conflict with, the Constitution of the Company or any agreement to which the Company is a party or by which the Company is bound, (5) none of the terms nor the transactions contemplated by this Letter Agreement violate any law, rule, regulation, order, judgment, administrative decree or regulation of Australia or to which the Company is otherwise subject, and (6) all of the Restricted Shares to be deposited with the Depositary under the Deposit Agreement pursuant to the terms of Section 2.12 thereof and this Letter Agreement have been duly authorized and validly issued and are fully paid and nonassessable, and are free of any transfer or voting restrictions, and free of any preemptive rights (other than preemptive rights properly waived by the shareholders of the Company), and (z) complete, sign and deliver a deposit certification substantially in the form of Exhibit B hereto (the "Deposit Certification") by facsimile (followed by an original) to the Depositary located at 111 Wall Street, 15th Floor, Zone 8, New York, New York 10043, Attn: Broker Services, facsimile no.: (212) 825- 2029, with a copy to 388 Greenwich Street, 14th Floor, New York, New York 10013, Attn: Paul Martin, facsimile no.: 212-816-6865. In the event a Buyer wishes to surrender one or more Restricted ADRs evidencing one or more Restricted ADSs to the Depositary for cancellation of such Restricted ADSs and receipt of the corresponding number of Restricted Shares, the Company shall cause each such Buyer to complete and sign a withdrawal certification substantially in the form of Exhibit C hereto (the "Withdrawal Certification") and deliver such Withdrawal Certification, accompanied by the Restricted ADR(s) evidencing the Restricted ADSs being surrendered and payment of the fees of the Depositary in the manner described in Section 6, to the Depositary at the address, and in the manner, set forth on Exhibit C hereto and provide the Depositary with written confirmation satisfactory to the Depositary (which may include an

opinion of Australian counsel) that the Restricted Shares are eligible for delivery to such Buyer under Australian law and the Company's Constitution, by executing the Company's Acknowledgement and Representation attached thereto. In the event the Buyer wishes to deliver one or more Restricted ADRs evidencing one or more Restricted ADSs to the Depository for the issuance and delivery of ADSs in connection with an effective Registration Statement, the Company shall provide the Depository with written confirmation satisfactory to the Depository, including an opinion of U.S. counsel in the form described in Section 9 that a Registration Statement is in effect as to such Buyer and cause each such Buyer to complete and sign a resale issuance certification for unrestricted ADSs substantially in the form of Exhibit D hereto (the "Resale Issuance Certification") and to deliver such Resale Issuance Certification, accompanied by the Restricted ADR(s) evidencing the Restricted ADSs being surrendered in connection with the issuance and delivery of ADSs, together with payment of the fees of the Depository in the manner described in Section 9, to the Depository at the address, and in the manner, set forth on Exhibit D hereto.

3. **Limitations on Issuance of Restricted ADSs.** The Company hereby instructs the Depository, and the Depository agrees upon the terms, and subject to the conditions, set forth in this Letter Agreement, to issue to a Buyer and to deliver to a Buyer upon (i) the conversion of the principal amount of the Notes or the interest thereon or (ii) the exercise of Warrants, Restricted ADR(s) evidencing the applicable number of Restricted ADSs designated by the Company (not, in the aggregate, exceeding the corresponding number of Restricted Shares being deposited at any time) upon receipt of (i) confirmation of the due deposit by the Company with the Custodian of the applicable number of Restricted Shares provided for below, (ii) the opinions of U.S. and Australian counsel identified in Section 2 hereof, (iii) the corresponding

Deposit Certifications set forth in Exhibit B hereto, and (iv) payment by wire transfer to the Depository's account (ABA # 021000089, Citibank New York, Attn.: CitiADR Department, RE: pSivida RADR Issuance, A/C# 3685-9028) of a Restricted ADS issuance fee of \$0.04 per Restricted ADS issued, together with all applicable taxes and expenses otherwise payable under the terms of the Deposit Agreement for the deposit of Shares and issuance of ADSs (including, without limitation, confirmation that any Australian stock transfer taxes in respect of such deposit (if any) have been paid). The Restricted ADSs issued upon the deposit of Restricted Shares shall be separately identified on the books of the Depository under CUSIP No. 74439M 11 5 and the Restricted Shares shall be held separate and distinct from the other Deposited Securities held by the Custodian in respect of the ADSs issued under the Deposit Agreement that are not Restricted ADSs. Neither the Restricted Shares nor the Restricted ADSs shall be eligible for "*Pre-Release Transactions*" described in Section 5.10 of the Deposit Agreement. The Restricted ADSs shall not be eligible for inclusion in any book-entry settlement system, including, without limitation, The Depository Trust Company, and shall not in any way be fungible with the other ADSs issued under the terms of the Deposit Agreement that are not Restricted ADSs (except upon the terms and conditions set forth in Section 9 hereof). Nothing contained in this Letter Agreement shall in any way be deemed to obligate the Depository, or to give authority to the Depository, to accept any Shares (other than the Restricted Shares described herein) for deposit under the terms hereof.

4. **Stop Transfer Notation and Legend.** The books of the Depository shall identify the Restricted ADSs as "restricted" and shall contain a "stop transfer" notation to that effect. The Restricted ADR(s) shall contain the following legends:

THIS RESTRICTED AMERICAN DEPOSITARY RECEIPT HAS BEEN ISSUED PURSUANT, AND IS SUBJECT, TO THE TERMS OF THE LETTER AGREEMENT, DATED AS OF SEPTEMBER 14, 2006 (THE "LETTER AGREEMENT"), BY AND BETWEEN THE DEPOSITARY AND PSIVIDA LIMITED (THE "COMPANY").

NEITHER THE ISSUANCE NOR THE SALE OF THIS RESTRICTED ADR OR THE RESTRICTED ADSs EVIDENCED HEREBY HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR APPLICABLE STATE SECURITIES LAWS. THE RESTRICTED ADR AND THE RESTRICTED ADSs EVIDENCED HEREBY MAY NOT BE OFFERED FOR SALE, SOLD, TRANSFERRED OR ASSIGNED (I) IN THE ABSENCE OF (A) AN EFFECTIVE REGISTRATION STATEMENT FOR THE RESTRICTED ADR AND THE RESTRICTED ADSs EVIDENCED HEREBY UNDER THE SECURITIES ACT OF 1933, AS AMENDED OR (B) AN OPINION OF COUNSEL, IN A FORM REASONABLY ACCEPTABLE TO THE DEPOSITARY AND THE COMPANY, THAT REGISTRATION IS NOT REQUIRED UNDER SAID ACT OR (II) IF SOLD PURSUANT TO RULE 144 OR RULE 144A UNDER SAID ACT, SUCH DOCUMENTS, OPINIONS AND CERTIFICATES AS THE COMPANY MAY REASONABLY REQUIRE. NOTWITHSTANDING THE FOREGOING, THE RESTRICTED ADR AND THE RESTRICTED ADSs EVIDENCED HEREBY MAY BE PLEDGED IN CONNECTION WITH A BONA FIDE MARGIN ACCOUNT OR OTHER LOAN OR FINANCING ARRANGEMENT SECURED BY THE SECURITIES.

THE DEPOSITARY SHALL NOT AT ANY TIME REGISTER THE TRANSFER OF THIS RESTRICTED ADR OR THE RESTRICTED ADSs EVIDENCED HEREBY UNLESS IT HAS RECEIVED A SATISFACTORY OPINION OF COUNSEL THAT SUCH TRANSFER IS EXEMPT FROM REGISTRATION UNDER THE SECURITIES ACT OR A WRITTEN CERTIFICATION THAT (X) SUCH SALE WAS MADE IN ACCORDANCE WITH AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT COVERING SUCH SALE AND (Y) ALL APPLICABLE PROSPECTUS DELIVERY REQUIREMENTS HAVE BEEN SATISFIED. NO REPRESENTATION IS MADE AS TO THE AVAILABILITY OF THE EXEMPTIONS PROVIDED BY RULE 144, RULE 144A OR REGULATION S UNDER THE SECURITIES ACT FOR RESALE OF THE RESTRICTED SHARES OR THE RESTRICTED ADSs.

THE DEPOSITARY SHALL NOT AT ANY TIME CANCEL THIS RESTRICTED ADR OR THE RESTRICTED ADSs EVIDENCED HEREBY FOR THE PURPOSE OF WITHDRAWAL OF THE RESTRICTED SHARES REPRESENTED BY THE RESTRICTED ADSs

EVIDENCED HEREBY UNLESS IT SHALL HAVE RECEIVED WRITTEN CONFIRMATION SATISFACTORY TO THE DEPOSITARY (WHICH MAY INCLUDE AN OPINION OF AUSTRALIAN COUNSEL) THAT THE RESTRICTED SHARES ARE ELIGIBLE FOR DELIVERY UNDER AUSTRALIAN LAW, A SIGNED WITHDRAWAL CERTIFICATION (AS DEFINED AND IN THE FORM PRESENTED IN THE LETTER AGREEMENT) AND THE FEES APPLICABLE TO CANCELLATION OF ADSs UNDER THE DEPOSIT AGREEMENT, AS SUPPLEMENTED BY THE LETTER AGREEMENT.”

5. **Limitations on Transfer of Restricted ADSs.** The Restricted ADR(s) and the Restricted ADSs evidenced thereby, shall be transferable by the Holder thereof, in transactions other than those described in Section 9 hereof, only upon delivery to the Depositary of (i) all documentation otherwise contemplated by the Deposit Agreement, (ii) an opinion of the applicable Holder’s U.S. counsel reasonably satisfactory to the Depositary stating that, *inter alia*, the requested transfer is in accordance with the conditions upon which the Restricted ADR(s) are, and the Restricted ADSs evidenced thereby are, transferable by the Holder thereof under applicable securities laws and the transfer restrictions contained in the legend set forth on the Restricted ADR(s) presented for transfer, and (iii) payment of all standard fees related to the transfer of an ADR(s) under the Deposit Agreement.

6. **Limitations On Cancellation of Restricted ADSs and Withdrawal of Restricted Shares.** The Company instructs the Depositary, and the Depositary agrees, not to release any Restricted Shares nor cancel any Restricted ADSs upon presentation to it of Restricted ADR(s) for the purpose of withdrawing the underlying Restricted Shares, unless (w) all of the conditions applicable to the withdrawal of Shares from the depositary receipts facility created pursuant to the terms of the Deposit Agreement have been satisfied, and (x) the Depositary has received written confirmation from the Company satisfactory to the Depositary (which may include an opinion of Australian counsel) that the Restricted Shares are eligible for

delivery to the withdrawing Buyer under Australian law, (y) payment by the withdrawing Buyer by wire transfer to the Depository's account (ABA # 021000089, Citibank New York, Attn.: CitiADR Department, RE: pSivida RADR Issuance, A/C# 3685-9028) of a deposited securities withdrawal fee of \$0.04 per Restricted ADS surrendered and taxes and expenses otherwise payable under the terms of the Deposit Agreement upon the withdrawal of Shares upon surrender of ADSs (including, without limitation, confirmation that any Australian stock transfer taxes in respect of such deposit (if any) have been paid) and (z) a duly completed and signed Withdrawal Certification from the person requesting the withdrawal of the Restricted Shares.

7. **[Reserved]**

8. **Fungibility.** Except as contemplated in the Deposit Agreement and this Letter Agreement and except as required by applicable law, the Restricted ADR(s) and the Restricted ADSs evidenced thereby shall, to the maximum extent permitted by law and to the maximum extent practicable, be treated as ADR(s) and ADSs issued and outstanding under the terms of the Deposit Agreement that are not "Restricted ADR(s)" and "Restricted ADSs," respectively, on terms not less favorable than those afforded to such ADR(s) and ADSs. Nothing contained herein shall obligate the Depository to treat Holders of Restricted ADR(s) on terms more favorable than those accorded to Holders of ADRs under the Deposit Agreement.

9. **Resales Pursuant to the Registration Statement.**

Provided the Depository has received (x) an opinion of U.S. counsel satisfactory to the Depository that addressing the following points: (1) a Registration Statement has been declared effective under the Securities Act, and, to such counsel's knowledge, no stop order suspending the effectiveness of the Registration Statement or any part thereof has been issued and no proceedings for that purpose have been instituted or are pending or contemplated under

the Securities Act (or, with respect to any reports under the Exchange Act incorporated therein by reference), (2) the Company is not an “investment company” within the meaning of the Investment Company Act of 1940, as amended, and (3) the proposed resale by each of such Buyer is covered by such Registration Statement, (y) a properly completed and duly executed Resale Issuance Certification, and (z) a fee of \$0.04 per Restricted ADS (or fraction thereof) surrendered for cancellation and for the subsequent issuance of the corresponding number of ADSs, the Depository shall take all actions necessary to remove any distinctions previously existing between the applicable Restricted ADSs and the ADSs that are not Restricted ADSs, including, without limitation, by (i) causing the Custodian to transfer the applicable number of Restricted Shares into the account for the Deposited Securities in respect of the ADSs that are not Restricted ADSs, (ii) removing the stop transfer notations on its records in respect of the relevant ADSs previously identified as Restricted ADSs, and (iii) removing the legend from the Restricted ADR(s) identified in Section 4 above. The Depository will no longer treat the applicable Restricted ADSs as “Restricted ADSs” under the terms of the Deposit Agreement upon the Depository’s receipt of the documentation set forth above.

10. Representations and Warranties. The Company hereby represents and warrants that (a) the Restricted Shares to be deposited by the Company upon (i) the conversion of the principal amount of the Notes or the interest thereon or (ii) the exercise of the Warrants by a Buyer will be validly issued, fully paid and non-assessable, and free of any statutory preemptive rights of the holders of outstanding Shares, (b) the Company is not and will not be at the time of deposit prohibited from depositing the Restricted Shares with the Custodian as a result of any agreement to which the Company is a party or is bound, and (c) the Restricted Shares to be deposited upon (A) the conversion of the principal amount of the Notes or the


interest thereon or (B) the exercise of the Warrants by the Company will rank *pari passu*, in all respects, including, without limitation, as to trading (subject to the operation of the Corporations Act 2001 (Cth) in relation to the sale of securities issued in Australia without a disclosure document), settlement, distributions, liquidation and preemptive rights, to the issued and outstanding Shares that are on deposit under the Deposit Agreement. Such representations and warranties shall be true and correct as of, and shall survive, the deposit of the Restricted Shares, the issuance of Restricted ADSs, and the issuance and delivery of Restricted ADR(s).

11. Indemnity. The Company and the Depositary acknowledge and agree that the indemnification provisions under Section 5.8 of the Deposit Agreement shall apply to the actions taken by the Depositary in reliance upon the representations and warranties of the Company set forth herein and the acceptance of Restricted Shares for deposit, the issuance of Restricted ADSs, the issuance and delivery of Restricted ADR(s), the transfer of Restricted ADR(s) and the Restricted ADSs evidenced thereby, the withdrawal of Restricted Shares, the exchange of the Restricted ADSs into ADSs, the removal of the stop transfer notations on its records and the removal of the legend from the Restricted ADR(s) in connection with (i) the conversion of the principal amount of the Notes or the interest thereon or (ii) the exercise of the Warrants, in each case, when such conversion or exercise shall have taken place and upon the terms set forth herein, as well as to any other acts performed or omitted by the Depositary as contemplated by this letter agreement.

This letter agreement shall be interpreted and all rights hereunder shall be governed by the laws of the State of New York without regards to the principles of conflicts of law thereof.

The Company and the Depository have caused this letter agreement to be executed and delivered on their behalf by their respective officers thereunto duly authorized as of the date set forth above.

PSIVIDA LIMITED

By: 
Name: Michael J. Soja
Title: Vice President, Finance and CFO

CITIBANK, N.A.

By: _____
Name: Paul Martin
Title: Vice President

EXHIBIT LIST

- A. Purchase Agreement
- B. Deposit Certification
- C. Withdrawal Certification
- D. Issuance Certification

The Company and the Depositary have caused this letter agreement to be executed and delivered on their behalf by their respective officers thereunto duly authorized as of the date set forth above.

PSIVIDA LIMITED

By: _____
Name: Gavin Rezos
Title: Managing Director

CITIBANK, N.A.

By:  _____
Name: Paul Martin
Title: Vice President

EXHIBIT LIST

- A. Purchase Agreement
- B. Deposit Certification
- C. Withdrawal Certification
- D. Issuance Certification

EXHIBIT A

Purchase Agreement

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EXHIBIT B

to

**Letter Agreement, dated as of September 14, 2006
(the "Letter Agreement"), by and between
pSivida Limited and Citibank, N.A.**

DEPOSIT CERTIFICATION

Citibank, N.A., as Depositary
c/o Agency & Trust Department
111 Wall Street, 15th Floor / Zone 8
New York, New York 10043
Attn.: Broker Services
Facsimile: (212) 825-2029

pSivida Limited
Level 12 BGC Centre
28 The Esplanade
Perth, WA 6000
Australia

Re: pSivida Limited Restricted ADSs

Reference is hereby made to (i) the Deposit Agreement, dated as of January 24, 2005 (the "Deposit Agreement"), by and among pSivida Limited (the "Company"), Citibank, N.A., as Depositary (the "Depositary"), and all Holders and Beneficial Owners of American Depositary Shares (the "ADSs") evidenced by American Depositary Receipts (the "ADRs") issued thereunder, and (ii) the Amended ADS Instructions Letter Agreement, dated as of September 14, 2006 (the "Letter Agreement"), by and between the Company and the Depositary. Capitalized terms used but not defined herein shall have the meanings given to them in the Letter Agreement or the Deposit Agreement, as applicable.

1. The undersigned represents and warrants that (a) the Restricted Shares to be deposited for the purpose of the issuance of the Restricted ADSs are validly issued, fully paid and non-assessable, and free of any statutory preemptive rights of the holders of outstanding Shares, (b) the undersigned is not prohibited from depositing the Restricted Shares with the Custodian on account of any regulation, contractual undertaking or any limitation to any undertaking, and (c) the Restricted Shares being deposited by the undersigned for the issuance of the Restricted ADSs rank *pari passu*, in all respects, including, without limitation, as to distributions, liquidation, voting and preemptive rights, and will rank *pari passu* as to trading and settlement to the issued and outstanding Shares that are on deposit under the Deposit Agreement.

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Such representations and warranties shall be true and correct as of, and shall survive, the deposit of the Restricted Shares, the issuance of Restricted ADSs, and the issuance and delivery of Restricted ADR(s).

2. The undersigned agrees and acknowledges that, prior to the issuance of the Restricted ADSs, the undersigned shall pay to the Depositary by wire transfer to the Depositary's account (ABA # 021000089, Citibank New York, Attn.: CitiADR Department, RE: pSivida RADR Issuance, A/C# 3685-9028, all applicable fees of the Depositary (as set forth on Exhibit B to the Deposit Agreement), including, without limitation, an issuance fee of \$0.04 per Restricted ADS issued, payable in connection with the issuance and delivery of the Restricted ADSs.

3. The undersigned further agrees and acknowledges that the Depositary will rely upon the truth and accuracy of the foregoing certifications and agrees that if any of the certifications made herein are no longer accurate, it shall promptly notify the Depositary.

4. The undersigned further agrees and acknowledges, and has informed each Holder named below, that the Depositary shall have no obligation, and shall incur no liability for its failure, to withhold or report any amounts in connection with any applicable Australian or U.S. tax law.

5. The undersigned acknowledges that (i) it has provided each Holder named below with a copy of the Deposit Agreement and Letter Agreement, respectively (ii) it has informed each Holder that copies of the Deposit Agreement and the Letter Agreement are available for inspection at the principal office of the Depositary, located at 388 Greenwich Street, 14th Floor, New York, New York 10013, Attn: ADR Department, and (iii) each Holder named below agrees to be bound by the terms of the Restricted ADR(s), the Deposit Agreement and Letter Agreement, respectively.

[The remainder of this page is intentionally left blank.]

6. The undersigned hereby requests that the Depositary, following confirmation of receipt by the Custodian of the deposit of

[NUMBER]
Restricted Shares,

issue Restricted ADR(s) evidencing an aggregate of

[NUMBER]

Restricted ADSs (CUSIP No.: 74439M 11 5

in the name of the Holder and in the corresponding denomination set forth below and deliver such Restricted ADR(s) evidencing the Restricted ADSs so issued to the Holder at the applicable address:

<u>Name of Holder</u>	<u>Address of Holder and Telephone Number</u>	<u>Number of Restricted ADSs to be Issued to Holder</u>
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PSIVIDA LIMITED

By: _____
Name:
Title:
Date:

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EXHIBIT C
to
Letter Agreement, dated as of September 14, 2006
(the "**Letter Agreement**"), by and between
pSivida Limited and Citibank, N.A.

WITHDRAWAL CERTIFICATION

[DATE]

pSivida Limited
Level 12 BGC Centre
28 The Esplanade
Perth, WA 6000
Australia

By Hand

Citibank, N.A.
Agency & Trust Department
111 Wall Street, 15th Floor / Zone 8
New York, New York 10043
Attn.: Margie Beckman

By Mail

Citibank, N.A., Agency & Trust Department
111 Wall Street, 15th Floor, Zone 8
New York, New York
Zip Code for Registered and Regular Mail: 10043
Zip Code for Overnight Mail: 10005
Attn: Margie Beckman

Re: pSivida Limited Restricted ADSs

Dear Sirs:

Reference is hereby made to (i) the Deposit Agreement, dated as January 24, 2005 (the "Deposit Agreement"), by and among pSivida Limited (the "Company"), Citibank, N.A., as Depository (the "Depository"), and all Holders and Beneficial Owners of American Depositary Shares (the "ADSs") evidenced by American Depositary Receipts (the "ADRs") issued thereunder, and (ii) the Amended ADS Instructions Letter Agreement, dated as of September 14, 2006 (the "Letter Agreement"), by and between the Company and the Depository. Capitalized terms used but

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not defined herein shall have the meanings given to them in the Letter Agreement or the Deposit Agreement, as applicable.

This Withdrawal Certification is being furnished in connection with the withdrawal of Restricted Shares upon surrender of the Restricted ADR(s) evidencing Restricted ADSs to the Depository.

A. We certify that either:

- (i) We are the beneficial owner of the Restricted ADSs and we have sold or otherwise transferred, or agreed to sell or otherwise transfer and at or prior to the time of withdrawal will have sold or otherwise transferred, the Restricted ADSs or the Restricted Shares (i) to a person other than a U.S. person (as defined in Regulation S under the Securities Act) located outside of the United States (as defined in Regulation S under the Securities Act) in a transaction complying with the requirements of Regulation S under the Securities Act, (ii) in accordance with Rule 144 under the Securities Act, if available, or (iii) pursuant to an effective registration statement under the Securities Act covering such sale or transfer;

OR

- (ii) We are the beneficial owner of the Restricted ADSs or will be the beneficial owner of the Restricted Shares upon withdrawal, and, accordingly, we agree that (x) we will not offer, sell, pledge or otherwise transfer the Restricted Shares except (i) to a person other than a U.S. person (as defined in Regulation S under the Securities Act) located outside of the United States (as defined in Regulation S under the Securities Act) in a transaction complying with the requirements of Regulation S under the Securities Act, (ii) in accordance with Rule 144 under the Securities Act, if available, or (iii) pursuant to an effective registration statement under the Securities Act covering such offer, sale, pledge or transfer, and (y) we will not deposit or cause to be deposited such Restricted Shares into any depository receipt facility established or maintained by a depository bank in the United States (including any such facility maintained by the Depository).

B. We acknowledge that the Company and the Depository will rely upon the truth and accuracy of the foregoing certifications and agree that if any of the certifications made by us herein are no longer accurate, we shall promptly notify the Depository.

C. We agree and acknowledges that, prior to the issuance of the Restricted Shares upon surrender of the Restricted ADSs, the undersigned shall pay to the Depository (by wire transfer to the Depository's account (ABA # 021000089, Citibank New York, Attn.: CitiADR Department, RE: pSivida RADR Issuance, A/C# 3685-9028, all applicable fees of the Depository (as set forth on

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Exhibit B to the Deposit Agreement), including, without limitation, a withdrawal fee of \$0.04 per Restricted ADS surrendered, payable in connection with the delivery of the Restricted Shares.

D. We have confirmed with the Company that the Restricted Shares are deliverable to the undersigned by means of the signed acknowledgement below.

Very truly yours,

[NAME OF SURRENDERING HOLDER]

Name:

Title:

Date:

Company Acknowledgement and Representations

In connection with the surrender of Restricted ADSs and requested withdrawal of Restricted Shares by the person named above, we hereby acknowledge receipt of this Withdrawal Certification and represent that the Restricted Shares to be released upon cancellation of the Restricted ADSs surrendered hereby are freely deliverable under Australian law and the Constitution of the Company.

PSIVIDA LIMITED

By: _____

Name:

Title:

Date:

EXHIBIT D
to
Letter Agreement, dated as of September 14, 2006
(the "Letter Agreement"), by and between
pSivida Limited and Citibank, N.A.

RESALE ISSUANCE CERTIFICATION FOR UNRESTRICTED ADSs

[DATE]

pSivida Limited
Level 12 BGC Centre
28 The Esplanade
Perth, WA 6000
Australia

By Hand

Citibank, N.A., as Depositary
c/o Agency & Trust Department
111 Wall Street, 15th Floor / Zone 8
New York, New York 10043
Attn.: Margie Beckman

By Mail

Citibank, N.A., Agency & Trust Department
111 Wall Street, 15th Floor, Zone 8
New York, New York
Zip Code for Registered and Regular Mail: 10043
Zip Code for Overnight Mail: 10005
Attn: Margie Beckman

Re: pSivida Limited Restricted ADSs

Ladies and Gentlemen:

Reference is hereby made to (i) the Deposit Agreement, dated as of January 24, 2005 (the "Deposit Agreement"), by and among pSivida Limited (the "Company"), Citibank, N.A., as Depositary (the "Depositary"), and all Holders and Beneficial Owners of American Depositary Shares (the "ADSs") evidenced by American Depositary Receipts (the "ADRs") issued thereunder, and (ii) the Amended ADS Instructions Letter Agreement, dated as of September 14, 2006 (the "Letter Agreement"), by and between the Company and the Depositary. Capitalized terms used but not defined herein shall have the meanings given to them in the Letter Agreement or the Deposit Agreement, as applicable.

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This Resale Issuance Certification for Unrestricted ADSs is being provided in connection with our request to the Depository to exchange the Restricted ADR(s) evidencing the Restricted ADSs and enclosed herewith for issuance and delivery of the ADSs to the purchaser identified below.

- A. The undersigned hereby certifies that:
1. the sale of ADSs by me to the purchaser(s) is registered under, and the terms of such sale of ADSs are contemplated and described in an effective registration statement filed with the Commission (the "Registration Statement");
 2. to my knowledge the purchaser of the ADSs was not, at the time of the purchase of such ADSs, and will not be, at the time of the delivery of such ADSs to the purchaser, an Affiliate of the Company or a person acting on behalf of such an Affiliate;
 3. I am a "Selling Stockholder" as provided for, and my contact information and beneficial ownership information are properly identified, in the Registration Statement, and I am engaging in the sale upon the terms, and in compliance with all conditions, described in the Registration Statement;
 4. to my knowledge no stop order suspending the effectiveness of the Registration Statement or any part thereof has been issued (or with respect to any reports incorporated therein by reference, under the Exchange Act) and no proceedings for that purpose have been instituted or are pending or contemplated by the Commission under the Securities Act;
 5. I have made delivery, or will concurrently with the sale to the purchaser, make delivery, to the purchaser(s) of a prospectus in accordance with, and in full compliance with, the applicable requirements under the Securities Act (and the regulations thereunder);
 6. I have not been advised by the Company that the sale by me of the ADSs to the purchaser(s) is restricted by the Company on account of any "black-out" periods as a result of U.S. or Australian regulation or course of practice; and
 7. (a) the Shares represented by the Restricted ADSs currently held by me, and which will be represented by the ADSs upon the issuance thereof to the purchaser(s) are validly issued, fully paid and non-assessable, and free of any preemptive rights, (b) the Shares which will be represented by ADSs upon issuance thereof to the purchaser(s) rank *pari passu*, in all respects, including, without limitation, as to trading, settlement, distributions, liquidation and preemptive rights, to the issued and outstanding Shares, and (c) I am the legal and beneficial owner of the Restricted ADSs surrendered herewith and of the Shares represented thereby and such Restricted ADSs and the Shares are free and clear of any lien, security interest, option or other charge or encumbrance (other than the restrictions set forth in the Deposit Agreement and the Letter Agreement).

B. The undersigned hereby requests that the Depository: (i) accept, for the issuance of ADSs, the surrender of

Restricted ADR(s) Certificate Number(s):

_____ evidencing

Restricted ADSs (CUSIP No.: 74439M 11 5), and

(ii) following (x) confirmation of receipt by the Depository of the surrender of the Restricted ADR(s) provided for in (i) above, and (y) the Company's acknowledgements and representations below, issue and deliver "free" the following number of ADSs:

(CUSIP No.: 74439M 10 7)

to the purchaser at the following address:

1. If ADSs are to be issued and delivered by means of book-entry transfer:

Name of DTC Participant:	
DTC Participant Account No.:	
Account No. for Purchaser at DTC Participant (f/b/o information):	
Onward Delivery instructions to Purchaser:	
Contact person at DTC Participant:	
Daytime Telephone Number of contact person at DTC Participant:	

2. If ADSs are to be issued delivered in the form of an ADR certificate:

Name of Purchaser:	
Street Address:	
City, State, and Country:	
Nationality:	
Social Security or Tax Identification Number:	

C. The undersigned agrees and acknowledges that, prior to the issuance of the ADSs requested in Section B(ii) above, it shall pay to the Depository (by wire transfer to the Depository's account (ABA # 021000089, Citibank New York, Attn.: CitiADR Department, RE: pSivida RADR Issuance, A/C# 3685-9028, all applicable fees of the Depository (as set forth on Exhibit B to the Deposit Agreement), including, without limitation, a cancellation and issuance fee of \$0.04 per Restricted ADS cancelled and ADS issued, payable in connection with the issuance and delivery of the ADSs.

D. The undersigned further agrees and acknowledges that the Company and the Depository will rely upon the truth and accuracy of the foregoing certifications and agrees that if any of the certifications made herein are no longer accurate, it shall promptly notify the Depository.

Very truly yours,

[NAME]
[TITLE]
[DATE]

**pSivida Limited
Level 12 BGC Centre
28 The Esplanade
Perth, WA 6000
Australia**

December 30, 2005

Citibank, N.A. - ADR Department
388 Greenwich Street, 14th Floor
New York, New York 10013

Re: Restricted pSivida ADSs

Ladies and Gentlemen:

Reference is made to (i) the Deposit Agreement, dated as of January 24, 2005 (the "Deposit Agreement"), by and among pSivida Limited, a company organized under the laws of the Commonwealth of Australia (the "Company"), Citibank, N.A., as Depositary (the "Depositary"), and all Holders and Beneficial Owners of American Depositary Shares ("ADSs") evidenced by American Depositary Receipts ("ADRs") issued thereunder and (ii) the Agreement and Plan of Merger, dated October 3, 2005 (the "Merger Agreement"), among the Company, pSivida Inc., a wholly owned subsidiary of the Company and a Delaware corporation ("Merger Sub"), and Control Delivery Systems, Inc., a company organized and existing under the laws of Delaware ("CDS"). All capitalized terms used, but not otherwise defined, in this letter agreement (the "Letter Agreement") shall have the meaning assigned thereto in the Deposit Agreement. The Company and the Depositary filed a Registration Statement on Form F-6 with the Commission on January 20, 2005 (Registration No.: 333-1122158), which covers the issuance of ADSs.

Under the Merger Agreement, Merger Sub will merge with and into CDS, CDS will become a wholly-owned subsidiary of the Company and CDS will change its name to

"pSivida Inc." (the "Merger"). As of the effective time of the Merger (the "Effective Time"), all shares of Common Stock (the "CDS Common Shares") and all shares of Series A Preferred Stock (the "CDS Preferred Shares" and, together with the CDS Common Shares, the "CDS Shares") of CDS held by stockholders of CDS specified in the Merger Agreement (the "Specified CDS Stockholders") will be converted into the right to receive ADSs of the Company issued under Section 2.12 of the Deposit Agreement as supplemented by this Letter Agreement (each such ADS, a "Restricted ADS"), each Restricted ADS representing ten (10) restricted ordinary shares (the "Restricted Shares") of the Company and evidenced in each case by restricted American Depositary Receipt certificates ("Restricted ADRs"). From and after the Effective Time, each CDS Preferred Share issued and outstanding will represent the right to receive 11.79 Restricted ADSs and each CDS Common Share issued and outstanding and held by Specified CDS Stockholders will represent the right to receive a number of Restricted ADSs determined by dividing: (1) the number of Restricted ADSs not previously allocated to the holders of CDS Preferred Shares which is equal to the total number of Restricted ADSs to be issued in the Merger to Specified CDS Stockholders minus 11.79 times the total number of CDS Preferred Shares outstanding as of the Effective Time, by (2) the total number of CDS Common Shares outstanding at the Effective Time.

Pursuant to a Registration Rights Agreement entered into in connection with the Merger and the Merger Agreement, the Company has agreed to file one or more registration statements (each a "Resale Registration Statement") with the Commission and cause each such Resale Registration Statement to become effective as soon as possible after the Effective Time, but not later than one hundred eighty (180) days after the Effective Time. It is contemplated that the Restricted ADSs may be sold, transferred or otherwise disposed only (i) in connection with

an effective Resale Registration Statement under the Securities Act or (ii) upon receipt by the Company and the Depositary of (a) an opinion of counsel to the transferor satisfactory to the Company and the Depositary that the sale, transfer or other disposition is exempt from the registration requirements of the Securities Act and (b) such other documentation satisfactory to the Company and the Depositary. The purpose and intent of this Letter Agreement is to supplement the Deposit Agreement for the sole purpose of accommodating the issuance of the Restricted ADSs in connection with the Merger, the issuance and delivery of Restricted ADRs evidencing such Restricted ADSs, the transfer of the Restricted ADRs and the Restricted ADSs evidenced thereby, the withdrawal of Restricted Shares upon cancellation of Restricted ADSs, and the exchange of the Restricted ADSs for ADSs.

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company and the Depositary hereby agree, as follows:

1. **Depositary Procedures.** The Company instructs the Depositary, and the Depositary agrees, upon the terms and subject to the conditions set forth in this Letter Agreement, to (i) establish procedures to enable (x) the Company to deposit after the date hereof (A) an aggregate of up to 160,000,000 Restricted Shares to be represented by an aggregate of up to 16,000,000 Restricted ADSs that are to be delivered to Specified CDS Stockholders, (B) such additional Restricted Shares to be represented by Restricted ADSs that are to be delivered to CDS Option Holders (as defined in Section 7 and hereinafter used as so defined) upon exercise of such Holders' options to purchase additional CDS Shares (the "CDS Options"), and (C) such additional Restricted Shares to be represented by Restricted ADSs that are to be delivered to certain employees (the "Specified CDS Employees") of CDS (such additional Restricted Shares, the "CDS Employee Shares"), from and after the Effective Time under the terms of Section 2.12

of the Deposit Agreement, as supplemented by the terms of this Letter Agreement, (y) the transfer of the Restricted ADRs and the Restricted ADSs evidenced thereby and the withdrawal of the Restricted Shares represented by Restricted ADSs (to the extent such Restricted Shares are deliverable under Australian law), and (z) the exchange of the Restricted ADSs issued to Specified CDS Stockholders, CDS Option Holders and Specified CDS Employees for ADSs pursuant to a Resale Registration Statement, in each case upon the terms, and subject to the conditions, set forth in the Deposit Agreement, as supplemented by this Letter Agreement, and (ii) issue Restricted ADRs evidencing such Restricted ADSs in the names of the Specified CDS Stockholders, CDS Option Holders and Specified CDS Employees (or their representative(s)) in denominations designated by the Company (not, in the aggregate, exceeding the corresponding number of Restricted Shares then held on deposit with the Custodian) and to deliver the Restricted ADRs so issued to the Specified CDS Stockholders, CDS Option Holders and Specified CDS Employees (or their representative(s)), in each case as set forth on Exhibit A hereto.

2. **Company Assistance.** The Company agrees to (i) assist the Depository in the establishment of procedures to enable the acceptance of the deposit by the Company of the Restricted Shares at the Effective Time, the issuance of the Restricted ADSs, the issuance and delivery of the Restricted ADRs, the transfer of the Restricted ADRs and the Restricted ADSs evidenced thereby, the withdrawal of the Restricted Shares and the exchange of Restricted ADSs for ADSs, (ii) take all commercially reasonable steps necessary and satisfactory to the Depository to ensure that the acceptance of the deposit of the Restricted Shares represented by Restricted ADSs, the issuance of Restricted ADSs, the issuance and delivery of the Restricted ADRs, the transfer of Restricted ADRs and the Restricted ADSs evidenced thereby, the

exchange of Restricted ADSs for ADSs, and the withdrawal of Restricted Shares represented by Restricted ADSs (to the extent such Restricted Shares are deliverable under Australian law), in each case upon the terms and conditions set forth in the Deposit Agreement, as supplemented by this Letter Agreement, do not materially prejudice the rights of Holders and Beneficial Owners of ADSs and do not violate the provisions of the Securities Act or any other applicable laws, (iii) deliver a copy of this Letter Agreement to each of the Specified CDS Stockholders, CDS Option Holders and Specified CDS Employees listed in Exhibit A hereof and (iv) cause each of the Specified CDS Stockholders, CDS Option Holders and Specified CDS Employees to make the representations and acknowledgments required in Exhibit D hereto upon the exchange of Restricted ADSs for ADSs. In furtherance of the foregoing, the Company shall (x) cause its U.S. counsel to deliver, in respect of the delivery of Restricted ADSs in exchange for CDS Shares in the Merger, a legal opinion satisfactory to the Depository addressing, *inter alia*, the following points: (1) the issuance of Restricted ADSs to the Specified CDS Stockholders, CDS Option Holders and Specified CDS Employees (a) in exchange for such CDS Shares in the Merger, (b) upon exercise of CDS Options and (c) to Specified CDS Employees, as applicable, is exempt from the registration requirements of the Securities Act and the rules and regulations thereunder as interpreted by the Commission, and (2) the Company is not an "investment company" within the meaning of the Investment Company Act of 1940, as amended, (y) cause its Australian counsel to deliver an opinion to the Depository addressing, *inter alia*, the following points: (1) this Letter Agreement has been duly executed and delivered for and on behalf of the Company by such officer(s) and/or director(s) of the Company duly elected or appointed and thereunto duly authorized and constitutes the legal, valid and binding agreement of the Company, enforceable against the Company in accordance with its terms in Australia, except as may be

limited by bankruptcy, insolvency, moratorium or similar laws affecting creditors' rights generally and general principles of equity, (2) all requisite permissions, consents, approvals, authorizations and orders (if any) have been obtained and all requisite filings (if any) have been made in Australia to enable the Company to enter into this Letter Agreement and for the Company, the Depository and the Specified CDS Stockholders, CDS Option Holders and Specified CDS Employees to engage in the transactions contemplated herein, (3) neither this Letter Agreement nor any other document or instrument delivered by the Company to the Depository needs to be recorded or filed with any agency or authority under Australian law, nor does any stamp or similar tax need to be paid under Australian law to ensure the legality, validity, enforceability or admissibility into evidence of this Letter Agreement, (4) none of the terms of this Letter Agreement violate or conflict with, nor does the execution and delivery of this Letter Agreement or the consummation of the transactions contemplated herein violate or conflict with, the Constitution of the Company or any agreement to which the Company is a party or by which the Company is bound, (5) none of the terms nor the transactions contemplated by this Letter Agreement violate any law, rule, regulation, order, judgment, administrative decree or regulation of Australia or to which the Company is otherwise subject, and (6) all of the Restricted Shares to be deposited with the Depository under the Deposit Agreement pursuant to the terms of Section 2.12 thereof and this Letter Agreement have been duly authorized and validly issued and are fully paid and nonassessable, and are free of any transfer or voting restrictions, and free of any preemptive rights (other than preemptive rights properly waived by the shareholders of the Company), and (z) complete, sign and deliver a deposit certification substantially in the form of Exhibit B hereto (the "Deposit Certification") by facsimile (followed by an original) to the Depository located at 388 Greenwich Street, 14th Floor, New York, NY

10013, Attn: Paul Martin, facsimile no.: (212) 816-6865. In the event a Specified CDS Stockholder, CDS Option Holder or Specified CDS Employee wishes to surrender the Restricted ADR(s) evidencing the Restricted ADSs to the Depositary for cancellation of such Restricted ADSs and receipt of the corresponding number of Restricted Shares, the Company shall (i) cause each such person to (a) complete and sign a withdrawal certification substantially in the form of Exhibit C hereto (the "Withdrawal Certification") and (b) deliver such Withdrawal Certification, accompanied by the Restricted ADR(s) evidencing the Restricted ADSs being surrendered and payment of the fees of the Depositary in the manner described in Section 6, to the Depositary at the address, and in the manner, set forth on Exhibit C hereto and (ii) provide the Depositary with written confirmation satisfactory to the Depositary (which may include an opinion of Australian counsel) that the Restricted Shares are eligible for delivery to such person under Australian law and the Company's Constitution, by executing the Company's Acknowledgement and Representation attached thereto. In the event a Specified CDS Stockholder, CDS Option Holder or Specified CDS Employee wishes to deliver the Restricted ADR(s) evidencing the Restricted ADSs to the Depositary for the issuance and delivery of ADSs in connection with an effective Resale Registration Statement, the Company shall (i) provide the Depositary with written confirmation satisfactory to the Depositary, including an opinion of U.S. counsel in the form described in Section 9 that a Resale Registration Statement is in effect as to such person and (ii) cause each such person to (a) complete and sign a resale issuance certification for unrestricted ADSs substantially in the form of Exhibit D hereto (the "Resale Issuance Certification") and (b) deliver such Resale Issuance Certification, accompanied by the Restricted ADR(s) evidencing the Restricted ADSs being surrendered in connection with the issuance and delivery of ADSs,

together with payment of the fees of the Depositary in the manner described in Section 9, to the Depositary at the address, and in the manner, set forth on Exhibit D hereto.

3. **Limitations on Issuance of Restricted ADSs.** The Company hereby instructs the Depositary, and the Depositary agrees upon the terms, and subject to the conditions, set forth in this Letter Agreement, to issue to the Specified CDS Stockholders and Specified CDS Employees (or their representative(s)) and to deliver to the Specified CDS Stockholders and Specified CDS Employees (or their representative(s)), in each case as identified on Exhibit A hereto, Restricted ADR(s) evidencing the applicable number of Restricted ADSs designated by the Company (not, in the aggregate, exceeding the corresponding number of Restricted Shares being deposited at any time) upon receipt of (i) confirmation of the due deposit by the Company with the Custodian of the applicable number of Restricted Shares provided for below, (ii) the opinions of U.S. and Australian counsel identified in Section 2 hereof, (iii) the corresponding Deposit Certifications set forth in Exhibit B hereto, and (iv) payment by wire transfer to the Depositary's account (ABA # 021000089, Citibank New York, Attn: CitiADR Department, RE: pSivida RADR Issuance A/C#368-58172) of a Restricted ADS issuance fee of U.S.\$0.04 per Restricted ADS issued, together with all applicable taxes and expenses otherwise payable under the terms of the Deposit Agreement for the deposit of Shares and issuance of ADSs (including, without limitation, confirmation that any Australian stock transfer taxes in respect of such deposit (if any) have been paid). The Restricted ADSs issued upon the deposit of Restricted Shares shall be separately identified on the books of the Depositary under CUSIP No. 74439M 12 3 and the Restricted Shares shall be held separate and distinct from (i) the other Deposited Securities held by the Custodian in respect of the ADSs issued under the Deposit Agreement that are not Restricted ADSs issued under Section 2.12 of the Deposit Agreement as supplemented

hereby, and (ii) the restricted shares held by the Custodian in respect of the restricted ADSs issued pursuant to (a) the letter agreement between the Company and the Depository, dated as of August 24, 2005 and (b) the letter agreement between the Company and the Depository, dated as of November 16, 2005 executed in connection with the instructions letter from the Company to the Depository, dated October 5, 2005. Neither the Restricted Shares nor the Restricted ADSs shall be eligible for "Pre-Release Transactions" described in Section 5.10 of the Deposit Agreement. The Restricted ADSs shall not be eligible for inclusion in any book-entry settlement system, including, without limitation, The Depository Trust Company ("DTC"), and shall not in any way be fungible with the other ADSs or restricted ADSs issued under the terms of the Deposit Agreement that are not Restricted ADSs issued hereunder (except upon the terms and conditions set forth in Section 9 hereof). Nothing contained in this Letter Agreement shall in any way be deemed to obligate the Depository, or give authority to the Depository, to accept any Shares (other than the Restricted Shares described herein) for deposit under the terms hereof.

4. **Stop Transfer Notation and Legend.** The books of the Depository shall identify the Restricted ADSs as "restricted" and shall contain a "stop transfer" notation to that effect. The Restricted ADRs shall contain the following legend:

"THIS RESTRICTED AMERICAN DEPOSITARY RECEIPT HAS BEEN ISSUED PURSUANT, AND IS SUBJECT, TO THE TERMS OF THE LETTER AGREEMENT, DATED AS OF DECEMBER 30, 2005 (THE "LETTER AGREEMENT"), BY AND BETWEEN THE DEPOSITORY AND PSIVIDA LIMITED (THE "COMPANY"). THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR QUALIFIED UNDER ANY APPLICABLE STATE SECURITIES LAWS, AND MAY NOT AT ANY TIME BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1)(A) IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER THE SECURITIES ACT (E.G., PURSUANT TO RULE 144 OR REGULATIONS UNDER THE SECURITIES ACT) OR (B) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT COVERING SUCH SALE, AND (2) IN

EACH CASE IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES. THE DEPOSITARY SHALL NOT AT ANY TIME REGISTER THE TRANSFER OF THIS RESTRICTED ADR OR THE RESTRICTED ADSs EVIDENCED HEREBY UNLESS IT HAS RECEIVED A SATISFACTORY OPINION OF COUNSEL THAT SUCH TRANSFER IS EXEMPT FROM REGISTRATION UNDER THE SECURITIES ACT OR A WRITTEN CERTIFICATION THAT (X) SUCH SALE WAS MADE IN ACCORDANCE WITH AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT COVERING SUCH SALE AND (Y) ALL APPLICABLE PROSPECTUS DELIVERY REQUIREMENTS HAVE BEEN SATISFIED. NO REPRESENTATION IS MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 OR REGULATIONS UNDER THE SECURITIES ACT FOR RESALE OF THE RESTRICTED SHARES OR THE RESTRICTED ADSs.

THE DEPOSITARY SHALL NOT AT ANY TIME CANCEL THIS RESTRICTED ADR OR THE RESTRICTED ADSs EVIDENCED HEREBY FOR THE PURPOSE OF WITHDRAWAL OF THE RESTRICTED SHARES REPRESENTED BY THE RESTRICTED ADSs EVIDENCED HEREBY UNLESS IT SHALL HAVE RECEIVED WRITTEN CONFIRMATION SATISFACTORY TO THE DEPOSITARY (WHICH MAY INCLUDE AN OPINION OF AUSTRALIAN COUNSEL) THAT THE RESTRICTED SHARES ARE ELIGIBLE FOR DELIVERY UNDER AUSTRALIAN LAW, A SIGNED WITHDRAWAL CERTIFICATION (AS DEFINED AND IN THE FORM PRESENTED IN THE LETTER AGREEMENT) AND THE FEES APPLICABLE TO CANCELLATION OF ADSs UNDER THE DEPOSIT AGREEMENT, AS SUPPLEMENTED BY THE LETTER AGREEMENT.”

5. **Limitations on Transfer of Restricted ADSs.** The Restricted ADRs and the Restricted ADSs evidenced thereby, shall be transferable by the Holder thereof, in transactions other than those described in Section 9 hereof, only upon delivery to the Depositary of (i) all documentation otherwise contemplated by the Deposit Agreement, (ii) an opinion of the applicable Holder’s U.S. counsel reasonably satisfactory to the Depositary stating that, *inter alia*, the requested transfer is in accordance with the conditions upon which the Restricted ADR is, and the Restricted ADSs evidenced thereby are, transferable by the Holder thereof under applicable securities laws and the transfer restrictions contained in the legends set forth on the

Restricted ADR presented for transfer, and (iii) payment of all standard fees related to the transfer of an ADR under the Deposit Agreement.

6. Limitations On Cancellation of Restricted ADSs and Withdrawal of Restricted Shares. The Company instructs the Depository, and the Depository agrees, not to release any Restricted Shares nor cancel any Restricted ADSs upon presentation to it of a Restricted ADR for the purpose of withdrawing the underlying Restricted Shares, unless (w) all of the conditions applicable to the withdrawal of Shares from the depository receipts facility created pursuant to the terms of the Deposit Agreement have been satisfied, (x) the Depository has received written confirmation from the Company satisfactory to the Depository (which may include an opinion of Australian counsel) that the Restricted Shares are eligible for delivery to the withdrawing person under Australian law, (y) the Depository has received payment by the withdrawing holder of Restricted ADSs (or its representative(s)) by wire transfer to the Depository's account (ABA # 021000089, Citibank New York, Attn: CitiADR Department, RE: pSivida RADR Issuance A/C#3685-9028) of a deposited securities withdrawal fee of U.S.\$0.04 per Restricted ADS surrendered and taxes and expenses otherwise payable under the terms of the Deposit Agreement upon the withdrawal of Shares upon surrender of ADSs (including, without limitation, confirmation that any Australian stock transfer taxes in respect of such deposit (if any) have been paid) and (z) the Depository has received a duly completed and signed Withdrawal Certification from the person requesting the withdrawal of the Restricted Shares.

7. Issuance of Restricted ADSs Upon Exercise of CDS Options. The Company hereby confirms that, as of the Effective Time, CDS Option Holders have the right to receive Restricted ADSs issued hereunder upon exercise of such CDS Options. A list of CDS Option holders (the "CDS Option Holders") is included on Exhibit A hereto. Upon receipt by

the Company of all applicable documentation and payments required for the exercise of CDS Options from a CDS Option Holder, the Company shall (a) notify the Depositary of the exercise of CDS Options by such CDS Option Holder and (b) complete, or cause the CDS Option Holder to complete, all procedures set forth in Section 3 hereof for the issuance of Restricted ADSs to such CDS Option Holder, except that payment to the Depositary of a Restricted ADS issuance fee of U.S.\$0.04 per Restricted ADS issued, together with all applicable taxes and expenses otherwise payable under the terms of the Deposit Agreement for the deposit of Shares and issuance of ADSs (including, without limitation, confirmation that any Australian stock transfer taxes in respect of such deposit (if any) have been paid), shall be by wire transfer to the Depositary's account (ABA # 021000089, Citibank New York, Attn: CitiADR Department, RE: pSivida RADR Issuance A/C#3685-9028).

8. **Fungibility.** Except as contemplated in the Deposit Agreement and this Letter Agreement and except as required by applicable law, the Restricted ADRs and the Restricted ADSs evidenced thereby shall, to the maximum extent permitted by law and to the maximum extent practicable, be treated as ADRs and ADSs issued and outstanding under the terms of the Deposit Agreement that are not "Restricted ADRs" and "Restricted ADSs," respectively, on terms not less favorable than those afforded to such ADSs and ADRs. Nothing contained herein shall obligate the Depositary to treat Holders of Restricted ADRs on terms more favorable than those accorded to Holders of ADRs under the Deposit Agreement.

9. **Resales Pursuant to a Registration Statement.** Provided the Depositary has received (x) an opinion of U.S. counsel satisfactory to the Depositary addressing the following points: (1) a Resale Registration Statement has been declared effective under the Securities Act, and, to such counsel's knowledge, no stop order suspending the effectiveness of

the Resale Registration Statement or any part thereof has been issued and no proceedings for that purpose have been instituted or are pending or contemplated under the Securities Act (or, with respect to any reports under the Exchange Act incorporated therein by reference), (2) the Company is not an "investment company" within the meaning of the Investment Company Act of 1940, as amended, and (3) the proposed resale by each of such Restricted ADS holders is covered by such Resale Registration Statement, (y) a properly completed and duly executed Resale Issuance Certification, and (z) a fee of U.S.\$0.04 per Restricted ADS (or fraction thereof) surrendered for cancellation and for the subsequent issuance of the corresponding number of ADSs by wire transfer to the Depository's account (ABA #021000089, Citibank New York, Attn: CitiADR Department, RE: pSivida RADR Issuance A/C#3685-9028), the Depository shall take all actions necessary to remove any distinctions previously existing between the applicable Restricted ADSs and the ADSs that are not Restricted ADSs, including, without limitation, by (i) causing the Custodian to transfer the applicable number of Restricted Shares into the account for the Deposited Securities in respect of the ADSs that are not Restricted ADSs, (ii) removing the stop transfer notations on its records in respect of the relevant ADSs previously identified as Restricted ADSs, and (iii) removing the legend from the Restricted ADRs identified in Section 4 above. The Depository will no longer treat the applicable Restricted ADSs as "Restricted ADSs" under the terms of the Deposit Agreement upon the Depository's receipt of the documentation set forth above.

10. Representations and Warranties. The Company hereby represents and warrants that (a) the Restricted Shares currently held by, and to be deposited by, the Company upon exchange by the Specified CDS Stockholder under the Merger Agreement for the purpose of the issuance of the Restricted ADSs are validly issued, fully paid and non-assessable, and free

of any statutory preemptive rights of the holders of outstanding Shares, (b) the Company is not and will not be at the time of deposit prohibited from depositing the Restricted Shares with the Custodian as a result of any agreement to which the Company is a party or is bound, and (c) the Restricted Shares being deposited by the Company for the issuance of the Restricted ADSs rank or will rank *pari passu*, in all respects, including, without limitation, as to trading (subject to the operation of the Corporations Act 2001 (Cth) in relation to the sale of securities issued in Australia without a disclosure document), settlement, distributions, liquidation and preemptive rights, to the issued and outstanding Shares that are on deposit under the Deposit Agreement. Such representations and warranties shall be true and correct as of, and shall survive, the deposit of the Restricted Shares, the issuance of Restricted ADSs, and the issuance and delivery of Restricted ADRs.

11. Indemnity. The Company and the Depositary acknowledge and agree that the indemnification provisions under Section 5.8 of the Deposit Agreement shall apply to the actions taken by the Depositary in reliance upon the representations and warranties of the Company set forth herein and the acceptance of Restricted Shares for deposit, the issuance of Restricted ADSs, the issuance and delivery of Restricted ADRs, the transfer of Restricted ADRs and the Restricted ADSs evidenced thereby, the withdrawal of Restricted Shares, the exchange of the Restricted ADSs into ADSs, the removal of the stop transfer notations on its records and the removal of the legend from the Restricted ADRs, in each case upon the terms set forth herein, as well as to any other acts performed or omitted by the Depositary as contemplated by this letter agreement.

This Letter Agreement shall be interpreted and all rights hereunder shall be governed by the laws of the State of New York without regards to the principles of conflicts of law thereof.

[The remainder of this page is intentionally left blank.]

The Company and the Depository have caused this Letter Agreement to be executed and delivered on their behalf by their respective officers thereunto duly authorized as of the date set forth above.

PSIVIDA LIMITED

By: _____
Name: Gavin Rezos
Title: Managing Director

By: _____
Name: Aaron Finlay
Title: Chief Financial Officer and
Company Secretary

CITIBANK, N.A.

By:  _____
Name: Paul Martin
Title: Vice President

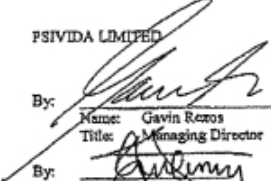
EXHIBIT LIST

- A. List of Specified CDS Stockholders, CDS Option Holders and Specified CDS Employees
- B. Deposit Certification
- C. Withdrawal Certification
- D. Issuance Certification

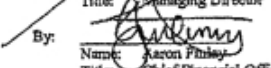
The Company and the Depositary have caused this letter agreement to be executed and delivered on their behalf by their respective officers thereunto duly authorized as of the date set forth above.

PSIVIDA LIMITED

By:


Name: Gavin Roxos
Title: Managing Director

By:


Name: Aaron Finley
Title: Chief Financial Officer and Company Secretary

CITIBANK, N.A.

By:

Name: Paul Martin
Title: Vice President

EXHIBIT LIST

- A. List of Specified CDS Stockholders, CDS Option Holders and Specified CDS Employees
- B. Deposit Certification
- C. Withdrawal Certification
- D. Issuance Certification

EXHIBIT A
 to
Letter Agreement, dated as of December 30, 2005
 (the "**Letter Agreement**"),
 by and between
pSivida Limited and Citibank, N.A.

**SPECIFIED CDS STOCKHOLDERS, CDS OPTION HOLDERS AND
 SPECIFIED CDS EMPLOYEES**

**All capitalized terms used but not otherwise defined herein
 shall have the meaning given to such terms in the Letter Agreement.**

<u>Name of Specified CDS Stockholder</u>	<u>Number and Class of CDS Shares held</u>	<u>Address of Specified CDS Stockholder and Telephone Number</u>	<u>Number of Restricted ADSs to be Issued</u>

<u>Name of CDS Option Holder</u>	<u>Number of CDS Options held</u>	<u>Address of CDS Option Holder and Telephone Number</u>	<u>Number of Restricted ADSs to be Issued upon Exercise of CDS Options</u>

<u>Name of Specified CDS Employee</u>	<u>Address of Specified CDS Employee and Telephone Number</u>	<u>Number of Restricted ADSs to be Issued</u>

EXHIBIT B
to
Letter Agreement, dated as of December 30, 2005
(the "Letter Agreement"), by and between
pSivida Limited and Citibank, N.A.

DEPOSIT CERTIFICATION

Citibank, N.A., as Depositary
c/o Agency & Trust Department
111 Wall Street, 15th Floor / Zone 8
New York, New York 10043
Attn.: Broker Services
Facsimile: (212) 825-2029

pSivida Limited
Level 12 BGC Centre
28 The Esplanade
Perth, WA 6000
Australia

Re: pSivida Limited Restricted ADSs

Reference is hereby made to (i) the Deposit Agreement, dated as of January 24, 2005 (the "Deposit Agreement"), by and among pSivida Limited (the "Company"), Citibank, N.A., as Depositary (the "Depositary"), and all Holders and Beneficial Owners of American Depositary Shares (the "ADSs") evidenced by American Depositary Receipts (the "ADRs") issued thereunder, and (ii) the Instructions Letter Agreement, dated as of December 30, 2005 (the "Letter Agreement"), by and between the Company and the Depositary. Capitalized terms used but not defined herein shall have the meanings given to them in the Letter Agreement or the Deposit Agreement, as applicable.

1. The undersigned represents and warrants that (a) the Restricted Shares to be deposited for the purpose of the issuance of the Restricted ADSs are validly issued, fully paid and non-assessable, and free of any statutory preemptive rights of the holders of outstanding Shares, (b) the undersigned is not prohibited from depositing the Restricted Shares with the Custodian on account of any regulation, contractual undertaking or any limitation to any undertaking, and (c) the Restricted Shares being deposited by the undersigned for the issuance of the Restricted ADSs rank *pari passu*, in all respects, including, without limitation, as to distributions, liquidation, voting and preemptive rights, and will rank *pari passu* as to trading and

B-1

settlement to the issued and outstanding Shares that are on deposit under the Deposit Agreement. Such representations and warranties shall be true and correct as of, and shall survive, the deposit of the Restricted Shares, the issuance of Restricted ADSs, and the issuance and delivery of Restricted ADR(s).

2. The undersigned agrees and acknowledges that, prior to the issuance of the Restricted ADSs, the undersigned shall pay to the Depositary by wire transfer (i) to the Depositary's account (ABA #021000089, Citibank New York, Attn: CitiADR Department, RE: pSivida RADR Issuance A/C#368-58172) in the event of the initial issuance of Restricted ADSs on December 30, 2005, or (ii) to the Depositary's account (ABA #021000089, Citibank New York, Attn: CitiADR Department, RE: pSivida RADR Issuance A/C#3685-9028) in the event of any subsequent issuance of Restricted ADSs, in each case, all applicable fees of the Depositary (as set forth on Exhibit B to the Deposit Agreement), including, without limitation, an issuance fee of U.S.\$0.04 per Restricted ADS issued, payable in connection with the issuance and delivery of the Restricted ADSs.

3. The undersigned further agrees and acknowledges that the Depositary will rely upon the truth and accuracy of the foregoing certifications and agrees that if any of the certifications made herein are no longer accurate, it shall promptly notify the Depositary.

4. The undersigned further agrees and acknowledges, and has informed each person named below, that the Depositary shall have no obligation, and shall incur no liability for its failure, to withhold or report any amounts in connection with any applicable Australian or U.S. tax law.

5. The undersigned acknowledges that (i) it has provided each person named below with a copy of the Deposit Agreement and Letter Agreement, respectively (ii) it has informed each such person that copies of the Deposit Agreement and the Letter Agreement are available for inspection at the principal office of the Depositary, located at 388 Greenwich Street, 14th Floor, New York, New York 10013, Attn: ADR Department, and (iii) each person named below agrees to be bound by the terms of the Restricted ADR(s), the Deposit Agreement and Letter Agreement, respectively.

[The remainder of this page is intentionally left blank.]

6. The undersigned hereby requests that the Depositary, following confirmation of receipt by the Custodian of the deposit of

[NUMBER]
Restricted Shares,

issue a Restricted ADR evidencing an aggregate of

[NUMBER]
Restricted ADSs (CUSIP No.: 74439M 12 3)

in the name of the persons and in the corresponding denominations set forth below and deliver such Restricted ADR evidencing the Restricted ADSs so issued to such persons at the applicable address:

<u>Name</u>	<u>Address and Telephone Number</u>	<u>Number of Restricted ADSs to be Issued</u>

PSIVIDA LIMITED

By: _____
Name:
Title:
Date:

EXHIBIT C
to
Letter Agreement, dated as of December 30, 2005
(the "Letter Agreement"), by and between
pSivida Limited and Citibank, N.A.

WITHDRAWAL CERTIFICATION

[DATE]

pSivida Limited
Level 12 BGC Centre
28 The Esplanade
Perth, WA 6000
Australia

By Hand

Citibank, N.A.
Agency & Trust Department
111 Wall Street, 15th Floor / Zone 8
New York, New York 10043
Attn: Margie Beckman

By Mail

Citibank, N.A., Agency & Trust Department
111 Wall Street, 15th Floor, Zone 8
New York, New York
Zip Code for Registered and Regular Mail: 10043
Zip Code for Overnight Mail: 10005
Attn: Margie Beckman

Re: pSivida Limited Restricted ADSs

Dear Sirs:

Reference is hereby made to (i) the Deposit Agreement, dated as January 24, 2005 (the "Deposit Agreement"), by and among pSivida Limited (the "Company"), Citibank, N.A., as Depositary (the "Depositary"), and all Holders and Beneficial Owners of American Depositary Shares (the "ADSs") evidenced by American Depositary Receipts (the "ADRs") issued thereunder, and (ii) the Instructions Letter Agreement, dated as of December 30, 2005 (the "Letter Agreement").

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by and between the Company and the Depositary. Capitalized terms used but not defined herein shall have the meanings given to them in the Letter Agreement or the Deposit Agreement, as applicable.

This Withdrawal Certification is being furnished in connection with the withdrawal of Restricted Shares upon surrender of the Restricted ADR(s) evidencing Restricted ADSs to the Depositary.

A. We certify that either:

- (i) We are the beneficial owner of the Restricted ADSs and we have sold or otherwise transferred, or agreed to sell or otherwise transfer and at or prior to the time of withdrawal will have sold or otherwise transferred, the Restricted ADSs or the Restricted Shares (i) to a person other than a U.S. person (as defined in Regulation S under the Securities Act) located outside of the United States (as defined in Regulation S under the Securities Act) in a transaction complying with the requirements of Regulation S under the Securities Act, (ii) in accordance with Rule 144 under the Securities Act, if available, or (iii) pursuant to an effective registration statement under the Securities Act covering such sale or transfer;

OR

- (ii) We are the beneficial owner of the Restricted ADSs or will be the beneficial owner of the Restricted Shares upon withdrawal, and, accordingly, we agree that (x) we will not offer, sell, pledge or otherwise transfer the Restricted Shares except (i) to a person other than a U.S. person (as defined in Regulation S under the Securities Act) located outside of the United States (as defined in Regulation S under the Securities Act) in a transaction complying with the requirements of Regulation S under the Securities Act, (ii) in accordance with Rule 144 under the Securities Act, if available, or (iii) pursuant to an effective registration statement under the Securities Act covering such offer, sale, pledge or transfer, and (y) we will not deposit or cause to be deposited such Restricted Shares into any depositary receipt facility established or maintained by a depositary bank in the United States (including any such facility maintained by the Depositary).

B. We acknowledge that the Company and the Depositary will rely upon the truth and accuracy of the foregoing certifications and agree that if any of the certifications made by us herein are no longer accurate, we shall promptly notify the Depositary.

C. We agree and acknowledge that, prior to the issuance of the Restricted Shares upon surrender of the Restricted ADSs, the undersigned shall pay to the Depositary (by wire transfer to the Depositary's account (ABA #021000089, Citibank New York, Attn: CitiADR Department, RE: pSivida RADR Issuance A/C#3685-9028), all applicable fees of the Depositary (as set forth on

Exhibit B to the Deposit Agreement), including, without limitation, a withdrawal fee of U.S. \$0.04 per Restricted ADS surrendered, payable in connection with the delivery of the Restricted Shares.

D. We have confirmed with the Company that the Restricted Shares are deliverable to the undersigned by means of the signed acknowledgement below.

Very truly yours,

[NAME OF SURRENDERING HOLDER]

Name:

Title:

Date:

Company Acknowledgement and Representations

In connection with the surrender of Restricted ADSs and requested withdrawal of Restricted Shares by the person named above, we hereby acknowledge receipt of this Withdrawal Certification and represent that the Restricted Shares to be released upon cancellation of the Restricted ADSs surrendered hereby are freely deliverable under Australian law and the Constitution of the Company.

PSIVIDA LIMITED

By: _____

Name:

Title:

Date:

EXHIBIT D
to
Letter Agreement, dated as of December 30, 2005
(the "**Letter Agreement**"), by and between
pSivida Limited and Citibank, N.A.

RESALE ISSUANCE CERTIFICATION FOR UNRESTRICTED ADSs

[DATE]

pSivida Limited
Level 12 BGC Centre
28 The Esplanade
Perth, WA 6000
Australia

By Hand

Citibank, N.A., as Depositary
c/o Agency & Trust Department
111 Wall Street, 15th Floor / Zone 8
New York, New York 10043
Attn.: Margie Beckman

By Mail

Citibank, N.A., Agency & Trust Department
111 Wall Street, 15th Floor, Zone 8
New York, New York
Zip Code for Registered and Regular Mail: 10043
Zip Code for Overnight Mail: 10005
Attn: Margie Beckman

Re: pSivida Limited Restricted ADSs

Ladies and Gentlemen:

Reference is hereby made to (i) the Deposit Agreement, dated as of January 24, 2005 (the "Deposit Agreement"), by and among pSivida Limited (the "Company"), Citibank, N.A., as Depositary (the "Depositary"), and all Holders and Beneficial Owners of American Depositary Shares (the "ADSs") evidenced by American Depositary Receipts (the "ADRs") issued thereunder, and (ii) the Instructions Letter Agreement, dated as of December 30, 2005 (the "Letter Agreement"), by and between the Company and the Depositary. Capitalized terms used but not defined herein shall have the meanings given to them in the Letter Agreement or the Deposit Agreement, as applicable.

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This Resale Issuance Certification for Unrestricted ADSs is being provided in connection with our request to the Depository to exchange the Restricted ADR(s) evidencing the Restricted ADSs and enclosed herewith for issuance and delivery of the ADSs to the purchaser identified below.

- A. The undersigned hereby certifies that:
1. the sale of ADSs by me to the purchaser(s) is registered under, and the terms of such sale of ADSs are contemplated and described in, **[describe the effective registration statement]** (the "Registration Statement");
 2. to my knowledge the purchaser of the ADSs was not, at the time of the purchase of such ADSs, and will not be, at the time of the delivery of such ADSs to the purchaser, an Affiliate of the Company or a person acting on behalf of such an Affiliate;
 3. I am a "Selling Stockholder" as provided for, and my contact information and beneficial ownership information are properly identified, in the Registration Statement, and I am engaging in the sale upon the terms, and in compliance with all conditions, described in the Registration Statement;
 4. to my knowledge no stop order suspending the effectiveness of the Registration Statement or any part thereof has been issued (or with respect to any reports incorporated therein by reference, under the Exchange Act) and no proceedings for that purpose have been instituted or are pending or contemplated by the Commission under the Securities Act;
 5. I have made delivery, or will concurrently with the sale to the purchaser, make delivery, to the purchaser(s) of a prospectus in accordance with, and in full compliance with, the applicable requirements under the Securities Act (and the regulations thereunder);
 6. I have not been advised by the Company that the sale by me of the ADSs to the purchaser(s) is restricted by the Company on account of any "black-out" periods as a result of U.S. or Australian regulation or course of practice; and
 7. (a) the Shares represented by the Restricted ADSs currently held by me, and which will be represented by the ADSs upon the issuance thereof to the purchaser(s) are validly issued, fully paid and non-assessable, and free of any preemptive rights, (b) the Shares which will be represented by ADSs upon issuance thereof to the purchaser(s) rank *pari passu*, in all respects, including, without limitation, as to trading, settlement, distributions, liquidation and preemptive rights, to the issued and outstanding Shares, and (c) I am the legal and beneficial owner of the Restricted ADSs surrendered herewith and of the Shares represented thereby and such Restricted ADSs and the Shares are free and clear of any lien, security interest, option or other charge or encumbrance (other than the restrictions set forth in the Deposit Agreement and the Letter Agreement).

B. The undersigned hereby requests that the Depository: (i) accept, for the issuance of ADSs, the surrender of

Restricted ADR(s) Certificate Number(s):

_____ evidencing

Restricted ADSs (CUSIP No.: 74439M 12 3), and

(ii) following (x) confirmation of receipt by the Depository of the surrender of the Restricted ADR(s) provided for in (i) above, and (y) the Company's acknowledgements and representations below, issue and deliver "free" the following number of ADSs:

(CUSIP No.: 74439M 10 7)

to the purchaser at the following address:

1. If ADSs are to be issued and delivered by means of book-entry transfer:

Name of DTC Participant:	
DTC Participant Account No.:	
Account No. for Purchaser at DTC Participant (f/b/o information):	
Onward Delivery instructions to Purchaser:	
Contact person at DTC Participant:	
Daytime Telephone Number of contact person at DTC Participant:	

2. If ADSs are to be issued delivered in the form of an ADR certificate:

Name of Registered Holder:	
Street Address:	
City, State, and Country:	
Nationality:	
Social Security or Tax Identification Number:	

C. The undersigned agrees and acknowledges that, prior to the issuance of the ADSs requested in Section B(ii) above, it shall pay to the Depository (by wire transfer to the Depository's account (ABA #021000089, Citibank New York, Attn: CitiADR Department, RE: pSivida RADR Issuance A/C#3685-9028), all applicable fees of the Depository (as set forth on Exhibit B to the Deposit Agreement), including, without limitation, a cancellation and issuance fee of U.S.\$0.04 per Restricted ADS cancelled and ADS issued, payable in connection with the issuance and delivery of the ADSs.

D. The undersigned further agrees and acknowledges that the Company and the Depository will rely upon the truth and accuracy of the foregoing certifications and agrees that if any of the certifications made herein are no longer accurate, it shall promptly notify the Depository.

Very truly yours,

[NAME]
[TITLE]
[DATE]

pSivida Limited
Level 12 BGC Centre
28 The Esplanade
Perth, WA 6000
Australia

As of November 16, 2005

Citibank, N.A. - ADR Department
388 Greenwich Street, 14th Floor
New York, New York 10013

Re: Restricted pSivida ADSs

Ladies and Gentlemen:

Reference is made to (i) the Deposit Agreement, dated as of January 24, 2005 (the "Deposit Agreement"), by and among pSivida Limited, a company organized under the laws of the Commonwealth of Australia (the "Company"), Citibank, N.A., as Depositary (the "Depositary"), and all Holders and Beneficial Owners of American Depositary Shares ("ADSs") evidenced by American Depositary Receipts ("ADRs") issued thereunder, (ii) the Securities Purchase Agreement, dated October 5, 2005 (the "Purchase Agreement"), by and between the Company and the buyer(s) named therein, (iii) the Company's Subordinated Convertible Notes issued pursuant to the Purchase Agreement (the "Notes") and (iv) the Company's Warrants issued pursuant to the Purchase Agreement (the "Warrants"). All capitalized terms used, but not otherwise defined, in this letter agreement (the "Letter Agreement") shall have the meaning assigned thereto in the Deposit Agreement.

Under the Purchase Agreement, the Company has agreed to sell to the Buyers and the Buyers have agreed to purchase, (i) the Notes with respect to which the principal amount and interest due shall be convertible into American Depositary Shares (the "Restricted ADSs") upon the terms and subject to the conditions set forth therein and (ii) the Warrants exercisable for

Restricted ADSs, in each case, without registration under the Securities Act. The Company has instructed the Depositary to issue Restricted ADSs in connection with (i) the conversion of the principal amount of the Notes or the interest thereon or (ii) the exercise of the Warrants, in each case, upon receipt of the documentation and fees contemplated in the ADS Issuance Instructions Letter, dated October 5, 2005 (the "Issuance Instructions Letter"), attached as Exhibit D to the Purchase Agreement. The Company wishes to enable the deposit of the applicable number of ordinary shares of the Company (the "Restricted Shares") to facilitate the issuance of Restricted ADSs evidenced in each case by restricted American Depositary Receipt certificates (the "Restricted ADRs") upon (i) the conversion of the principal amount of the Notes or the interest thereon or (ii) the exercise of the Warrants, in each case, under the terms of Section 2.12 of the Deposit Agreement as supplemented by this Letter Agreement.

Under the Registration Rights Agreement, dated as of November 16, 2005 by and between the Company and the Buyers (the "Registration Rights Agreement"), the Company has agreed to file a registration statement under the Securities Act (the "Registration Statement") with the Commission and cause the Registration Statement to become effective upon the terms set forth therein. It is contemplated that the Restricted ADSs may be sold, transferred or otherwise disposed only (i) in connection with an effective registration statement under the Securities Act or (ii) upon receipt by the Company and the Depositary of (a) an opinion of counsel to the transferor satisfactory to the Company and the Depositary that the sale, transfer or other disposition is exempt from the registration requirements of the Securities Act and (b) such other documentation satisfactory to the Company and the Depositary. The purpose and intent of this Letter Agreement is to supplement the Deposit Agreement for the sole purpose of accommodating the issuance of the Restricted ADSs upon (i) the conversion of the principal

amount of the Notes or the interest thereon or (ii) the exercise of the Warrants, the issuance and delivery of Restricted ADRs, the transfer of the Restricted ADRs and the Restricted ADSs evidenced thereby, the withdrawal of Restricted Shares and the exchange of the Restricted ADSs for ADSs.

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company and the Depositary hereby agree, as follows:

1. Depositary Procedures. The Company instructs the Depositary, and the Depositary agrees, upon the terms and subject to the conditions set forth in this Letter Agreement, to (i) establish procedures to enable (x) the Company to deposit upon (a) the conversion of the principal amount of the Notes or the interest thereon or (b) the exercise of the Warrants, in each case, from time to time in accordance with the terms of the Notes and the Warrants, the applicable number of Restricted Shares to be represented by the corresponding number of Restricted ADSs, in each case under the terms of Section 2.12 of the Deposit Agreement, as supplemented by the terms of this Letter Agreement, (y) the transfer of the Restricted ADR(s) and the Restricted ADSs evidenced thereby and the withdrawal of the Restricted Shares represented by Restricted ADSs (to the extent such Restricted Shares are deliverable under Australian law), and (z) the exchange of the Restricted ADSs for ADSs pursuant to the Registration Statement, in each case upon the terms, and subject to the conditions, set forth in the Deposit Agreement, as supplemented by this Letter Agreement, and (ii) issue Restricted ADR(s) evidencing such Restricted ADSs in the names of the Buyers and permitted transferees or assign(s) of the Notes or the Warrants (or their representatives) (each, a "Buyer") in denominations designated by the Company (not, in the aggregate, exceeding the corresponding number of Restricted Shares then held on deposit with the Custodian) and to

deliver the Restricted ADR(s) so issued to the Buyers, in each case, upon receipt of the documentation and fees contemplated in the ADS Issuance Instructions Letter.

2. **Company Assistance.** The Company agrees to (i) assist the Depositary in the establishment of procedures to enable the acceptance of the deposit by the Company of the Restricted Shares from time to time upon conversion of the principal amount of the Notes or the interest thereon and exercise of the Warrants, the issuance of the Restricted ADSs, the issuance and delivery of the Restricted ADR(s), the transfer of the Restricted ADR(s) and the Restricted ADSs evidenced thereby, the withdrawal of the Restricted Shares and the exchange of Restricted ADSs for ADSs, (ii) take all commercially reasonable steps necessary and satisfactory to the Depositary to ensure that the acceptance of the deposit of the Restricted Shares, the issuance of Restricted ADSs, the issuance and delivery of the Restricted ADR(s), the transfer of Restricted ADR(s) and the Restricted ADSs evidenced thereby, the exchange of Restricted ADSs for ADSs, and the withdrawal of Restricted Shares (to the extent such Restricted Shares are deliverable under Australian law), in each case upon the terms and conditions set forth in the Deposit Agreement, as supplemented by this Letter Agreement, do not materially prejudice the rights of Holders and Beneficial Owners of ADSs and do not violate the provisions of the Securities Act or any other applicable laws, (iii) deliver a copy of this Letter Agreement to each Buyer in connection with each conversion of the principal amount of the Notes or the interest thereon or exercise of the Warrants and (iv) cause each Buyer to make the representations and acknowledgments required hereby. In furtherance of the foregoing, the Company shall (x) cause its U.S. counsel to deliver, in respect of each conversion of the principal amount of the Notes or the interest thereon or exercise of Warrants, a legal opinion satisfactory to the Depositary addressing, *inter alia*, the following points: (1) the issuance of Restricted ADSs upon such

conversion of the principal amount of the Notes or the interest thereon or exercise of the Warrants is exempt from the registration requirements of the Securities Act and the rules and regulations thereunder as interpreted by the Commission, and (2) the Company is not an “investment company” within the meaning of the Investment Company Act of 1940, as amended, (y) cause its Australian counsel to deliver an opinion to the Depositary addressing, *inter alia*, the following points: (1) this Letter Agreement has been duly executed and delivered for and on behalf of the Company by an officer of the Company duly elected or appointed and thereunto duly authorized and constitutes the legal, valid and binding agreement of the Company, enforceable against the Company in accordance with its terms in Australia, except as may be limited by bankruptcy, insolvency, moratorium or similar laws affecting creditors’ rights generally and general principles of equity, (2) all requisite permissions, consents, approvals, authorizations and orders (if any) have been obtained and all requisite filings (if any) have been made in Australia to enable the Company to enter into this Letter Agreement and for the Company, the Depositary and the Buyers to engage in the transactions contemplated herein, (3) neither this Letter Agreement nor any other document or instrument delivered by the Company to the Depositary needs to be recorded or filed with any agency or authority under Australian law, nor does any stamp or similar tax need to be paid under Australian law to ensure the legality, validity, enforceability or admissibility into evidence of this Letter Agreement, (4) none of the terms of this Letter Agreement violate or conflict with, nor does the execution and delivery of this Letter Agreement or the consummation of the transactions contemplated herein violate or conflict with, the Constitution of the Company or any agreement to which the Company is a party or by which the Company is bound, (5) none of the terms nor the transactions contemplated by this Letter Agreement violate any law, rule, regulation, order,

judgment, administrative decree or regulation of Australia or to which the Company is otherwise subject, and (6) all of the Restricted Shares to be deposited with the Depository under the Deposit Agreement pursuant to the terms of Section 2.12 thereof and this Letter Agreement have been duly authorized and validly issued and are fully paid and nonassessable, and are free of any transfer or voting restrictions, and free of any preemptive rights (other than preemptive rights properly waived by the shareholders of the Company), and (z) complete, sign and deliver a deposit certification substantially in the form of Exhibit B hereto (the "Deposit Certification") by facsimile (followed by an original) to the Depository located at 111 Wall Street, 15th Floor, Zone 8, New York, New York 10043, Attn: Broker Services, facsimile no.: (212) 825- 2029, with a copy to 388 Greenwich Street, 14th Floor, New York, New York 10013, Attn: Paul Martin, facsimile no.: 212-816-6865. In the event a Buyer wishes to surrender one or more Restricted ADRs evidencing one or more Restricted ADSs to the Depository for cancellation of such Restricted ADSs and receipt of the corresponding number of Restricted Shares, the Company shall cause each such Buyer to complete and sign a withdrawal certification substantially in the form of Exhibit C hereto (the "Withdrawal Certification") and deliver such Withdrawal Certification, accompanied by the Restricted ADR(s) evidencing the Restricted ADSs being surrendered and payment of the fees of the Depository in the manner described in Section 6, to the Depository at the address, and in the manner, set forth on Exhibit C hereto and provide the Depository with written confirmation satisfactory to the Depository (which may include an opinion of Australian counsel) that the Restricted Shares are eligible for delivery to such Buyer under Australian law and the Company's Constitution, by executing the Company's Acknowledgement and Representation attached thereto. In the event the Buyer wishes to deliver one or more Restricted ADRs evidencing one or more Restricted ADSs to the Depository for the

issuance and delivery of ADSs in connection with an effective Registration Statement, the Company shall provide the Depository with written confirmation satisfactory to the Depository, including an opinion of U.S. counsel in the form described in Section 9 that a Registration Statement is in effect as to such Buyer and cause each such Buyer to complete and sign a resale issuance certification for unrestricted ADSs substantially in the form of Exhibit D hereto (the “Resale Issuance Certification”) and to deliver such Resale Issuance Certification, accompanied by the Restricted ADR(s) evidencing the Restricted ADSs being surrendered in connection with the issuance and delivery of ADSs, together with payment of the fees of the Depository in the manner described in Section 9, to the Depository at the address, and in the manner, set forth on Exhibit D hereto.

3. Limitations on Issuance of Restricted ADSs. The Company hereby instructs the Depository, and the Depository agrees upon the terms, and subject to the conditions, set forth in this Letter Agreement, to issue to a Buyer and to deliver to a Buyer upon (i) the conversion of the principal amount of the Notes or the interest thereon or (ii) the exercise of Warrants, Restricted ADR(s) evidencing the applicable number of Restricted ADSs designated by the Company (not, in the aggregate, exceeding the corresponding number of Restricted Shares being deposited at any time) upon receipt of (i) confirmation of the due deposit by the Company with the Custodian of the applicable number of Restricted Shares provided for below, (ii) the opinions of U.S. and Australian counsel identified in Section 2 hereof, (iii) the corresponding Deposit Certifications set forth in Exhibit B hereto, and (iv) payment by wire transfer to the Depository’s account (ABA # 021000089, Citibank New York, Attn.: CitiADR Department, RE: pSivida RADR Issuance, A/C# 3685-9028) of a Restricted ADS issuance fee of \$0.04 per Restricted ADS issued, together with all applicable taxes and expenses otherwise payable under

the terms of the Deposit Agreement for the deposit of Shares and issuance of ADSs (including, without limitation, confirmation that any Australian stock transfer taxes in respect of such deposit (if any) have been paid). The Restricted ADSs issued upon the deposit of Restricted Shares shall be separately identified on the books of the Depository under CUSIP No. 74439M 11 5 and the Restricted Shares shall be held separate and distinct from the other Deposited Securities held by the Custodian in respect of the ADSs issued under the Deposit Agreement that are not Restricted ADSs. Neither the Restricted Shares nor the Restricted ADSs shall be eligible for "Pre-Release Transactions" described in Section 5.10 of the Deposit Agreement. The Restricted ADSs shall not be eligible for inclusion in any book-entry settlement system, including, without limitation, The Depository Trust Company, and shall not in any way be fungible with the other ADSs issued under the terms of the Deposit Agreement that are not Restricted ADSs (except upon the terms and conditions set forth in Section 9 hereof). Nothing contained in this Letter Agreement shall in any way be deemed to obligate the Depository, or to give authority to the Depository, to accept any Shares (other than the Restricted Shares described herein) for deposit under the terms hereof.

4. **Stop Transfer Notation and Legend.** The books of the Depository shall identify the Restricted ADSs as "restricted" and shall contain a "stop transfer" notation to that effect. The Restricted ADR(s) shall contain the following legends:

THIS RESTRICTED AMERICAN DEPOSITARY RECEIPT HAS BEEN ISSUED PURSUANT, AND IS SUBJECT, TO THE TERMS OF THE LETTER AGREEMENT, DATED AS OF NOVEMBER 16, 2005 (THE "LETTER AGREEMENT"), BY AND BETWEEN THE DEPOSITORY AND PSIVIDA LIMITED (THE "COMPANY").

NEITHER THE ISSUANCE NOR THE SALE OF THIS RESTRICTED ADR OR THE RESTRICTED ADSs EVIDENCED HEREBY HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED

(THE "SECURITIES ACT"), OR APPLICABLE STATE SECURITIES LAWS. THE RESTRICTED ADR AND THE RESTRICTED ADSs EVIDENCED HEREBY MAY NOT BE OFFERED FOR SALE, SOLD, TRANSFERRED OR ASSIGNED (I) IN THE ABSENCE OF (A) AN EFFECTIVE REGISTRATION STATEMENT FOR THE RESTRICTED ADR AND THE RESTRICTED ADSs EVIDENCED HEREBY UNDER THE SECURITIES ACT OF 1933, AS AMENDED OR (B) AN OPINION OF COUNSEL, IN A FORM REASONABLY ACCEPTABLE TO THE DEPOSITARY AND THE COMPANY, THAT REGISTRATION IS NOT REQUIRED UNDER SAID ACT OR (II) IF SOLD PURSUANT TO RULE 144 OR RULE 144A UNDER SAID ACT, SUCH DOCUMENTS, OPINIONS AND CERTIFICATES AS THE COMPANY MAY REASONABLY REQUIRE. NOTWITHSTANDING THE FOREGOING, THE RESTRICTED ADR AND THE RESTRICTED ADSs EVIDENCED HEREBY MAY BE PLEDGED IN CONNECTION WITH A BONA FIDE MARGIN ACCOUNT OR OTHER LOAN OR FINANCING ARRANGEMENT SECURED BY THE SECURITIES.

THE DEPOSITARY SHALL NOT AT ANY TIME REGISTER THE TRANSFER OF THIS RESTRICTED ADR OR THE RESTRICTED ADSs EVIDENCED HEREBY UNLESS IT HAS RECEIVED A SATISFACTORY OPINION OF COUNSEL THAT SUCH TRANSFER IS EXEMPT FROM REGISTRATION UNDER THE SECURITIES ACT OR A WRITTEN CERTIFICATION THAT (X) SUCH SALE WAS MADE IN ACCORDANCE WITH AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT COVERING SUCH SALE AND (Y) ALL APPLICABLE PROSPECTUS DELIVERY REQUIREMENTS HAVE BEEN SATISFIED. NO REPRESENTATION IS MADE AS TO THE AVAILABILITY OF THE EXEMPTIONS PROVIDED BY RULE 144, RULE 144A OR REGULATION S UNDER THE SECURITIES ACT FOR RESALE OF THE RESTRICTED SHARES OR THE RESTRICTED ADSs.

THE DEPOSITARY SHALL NOT AT ANY TIME CANCEL THIS RESTRICTED ADR OR THE RESTRICTED ADSs EVIDENCED HEREBY FOR THE PURPOSE OF WITHDRAWAL OF THE RESTRICTED SHARES REPRESENTED BY THE RESTRICTED ADSs EVIDENCED HEREBY UNLESS IT SHALL HAVE RECEIVED WRITTEN CONFIRMATION SATISFACTORY TO THE DEPOSITARY (WHICH MAY INCLUDE AN OPINION OF AUSTRALIAN COUNSEL) THAT THE RESTRICTED SHARES ARE ELIGIBLE FOR DELIVERY UNDER AUSTRALIAN LAW, A SIGNED WITHDRAWAL CERTIFICATION (AS DEFINED AND IN THE FORM PRESENTED IN THE LETTER AGREEMENT) AND THE FEES APPLICABLE TO CANCELLATION OF ADSs UNDER THE DEPOSIT AGREEMENT, AS SUPPLEMENTED BY THE LETTER AGREEMENT."

5. **Limitations on Transfer of Restricted ADSs.** The Restricted ADR(s) and the Restricted ADSs evidenced thereby, shall be transferable by the Holder thereof, in transactions other than those described in Section 9 hereof, only upon delivery to the Depositary of (i) all documentation otherwise contemplated by the Deposit Agreement, (ii) an opinion of the applicable Holder's U.S. counsel reasonably satisfactory to the Depositary stating that, *inter alia*, the requested transfer is in accordance with the conditions upon which the Restricted ADR(s) are, and the Restricted ADSs evidenced thereby are, transferable by the Holder thereof under applicable securities laws and the transfer restrictions contained in the legend set forth on the Restricted ADR(s) presented for transfer, and (iii) payment of all standard fees related to the transfer of an ADR(s) under the Deposit Agreement.

6. **Limitations On Cancellation of Restricted ADSs and Withdrawal of Restricted Shares.** The Company instructs the Depositary, and the Depositary agrees, not to release any Restricted Shares nor cancel any Restricted ADSs upon presentation to it of Restricted ADR(s) for the purpose of withdrawing the underlying Restricted Shares, unless (w) all of the conditions applicable to the withdrawal of Shares from the depositary receipts facility created pursuant to the terms of the Deposit Agreement have been satisfied, and (x) the Depositary has received written confirmation from the Company satisfactory to the Depositary (which may include an opinion of Australian counsel) that the Restricted Shares are eligible for delivery to the withdrawing Buyer under Australian law, (y) payment by the withdrawing Buyer by wire transfer to the Depositary's account (ABA # 021000089, Citibank New York, Attn.: CitiADR Department, RE: pSivida RADR Issuance, A/C# 3685-9028) of a deposited securities withdrawal fee of \$0.04 per Restricted ADS surrendered and taxes and expenses otherwise payable under the terms of the Deposit Agreement upon the withdrawal of Shares upon surrender

of ADSs (including, without limitation, confirmation that any Australian stock transfer taxes in respect of such deposit (if any) have been paid) and (z) a duly completed and signed Withdrawal Certification from the person requesting the withdrawal of the Restricted Shares.

7. **[Reserved]**

8. **Fungibility.** Except as contemplated in the Deposit Agreement and this Letter Agreement and except as required by applicable law, the Restricted ADR(s) and the Restricted ADSs evidenced thereby shall, to the maximum extent permitted by law and to the maximum extent practicable, be treated as ADR(s) and ADSs issued and outstanding under the terms of the Deposit Agreement that are not “Restricted ADR(s)” and “Restricted ADSs,” respectively, on terms not less favorable than those afforded to such ADR(s) and ADSs. Nothing contained herein shall obligate the Depositary to treat Holders of Restricted ADR(s) on terms more favorable than those accorded to Holders of ADRs under the Deposit Agreement.

9. **Resales Pursuant to the Registration Statement.**

Provided the Depositary has received (x) an opinion of U.S. counsel satisfactory to the Depositary that addressing the following points: (1) a Registration Statement has been declared effective under the Securities Act, and, to such counsel’s knowledge, no stop order suspending the effectiveness of the Registration Statement or any part thereof has been issued and no proceedings for that purpose have been instituted or are pending or contemplated under the Securities Act (or, with respect to any reports under the Exchange Act incorporated therein by reference), (2) the Company is not an “investment company” within the meaning of the Investment Company Act of 1940, as amended, and (3) the proposed resale by each of such Buyer is covered by such Registration Statement, (y) a properly completed and duly executed Resale Issuance Certification, and (z) a fee of \$0.04 per Restricted ADS (or fraction thereof)

surrendered for cancellation and for the subsequent issuance of the corresponding number of ADSs, the Depositary shall take all actions necessary to remove any distinctions previously existing between the applicable Restricted ADSs and the ADSs that are not Restricted ADSs, including, without limitation, by (i) causing the Custodian to transfer the applicable number of Restricted Shares into the account for the Deposited Securities in respect of the ADSs that are not Restricted ADSs, (ii) removing the stop transfer notations on its records in respect of the relevant ADSs previously identified as Restricted ADSs, and (iii) removing the legend from the Restricted ADR(s) identified in Section 4 above. The Depositary will no longer treat the applicable Restricted ADSs as "Restricted ADSs" under the terms of the Deposit Agreement upon the Depositary's receipt of the documentation set forth above.

10. Representations and Warranties. The Company hereby represents and warrants that (a) the Restricted Shares to be deposited by the Company upon (i) the conversion of the principal amount of the Notes or the interest thereon or (ii) the exercise of the Warrants by a Buyer will be validly issued, fully paid and non-assessable, and free of any statutory preemptive rights of the holders of outstanding Shares, (b) the Company is not and will not be at the time of deposit prohibited from depositing the Restricted Shares with the Custodian as a result of any agreement to which the Company is a party or is bound, and (c) the Restricted Shares to be deposited upon (A) the conversion of the principal amount of the Notes or the interest thereon or (B) the exercise of the Warrants by the Company will rank *pari passu*, in all respects, including, without limitation, as to trading (subject to the operation of the Corporations Act 2001 (Cth) in relation to the sale of securities issued in Australia without a disclosure document), settlement, distributions, liquidation and preemptive rights, to the issued and outstanding Shares that are on deposit under the Deposit Agreement. Such representations and

warranties shall be true and correct as of, and shall survive, the deposit of the Restricted Shares, the issuance of Restricted ADSs, and the issuance and delivery of Restricted ADR(s).

11. Indemnity. The Company and the Depositary acknowledge and agree that the indemnification provisions under Section 5.8 of the Deposit Agreement shall apply to the actions taken by the Depositary in reliance upon the representations and warranties of the Company set forth herein and the acceptance of Restricted Shares for deposit, the issuance of Restricted ADSs, the issuance and delivery of Restricted ADR(s), the transfer of Restricted ADR(s) and the Restricted ADSs evidenced thereby, the withdrawal of Restricted Shares, the exchange of the Restricted ADSs into ADSs, the removal of the stop transfer notations on its records and the removal of the legend from the Restricted ADR(s) in connection with (i) the conversion of the principal amount of the Notes or the interest thereon or (ii) the exercise of the Warrants, in each case, when such conversion or exercise shall have taken place and upon the terms set forth herein, as well as to any other acts performed or omitted by the Depositary as contemplated by this letter agreement.

This letter agreement shall be interpreted and all rights hereunder shall be governed by the laws of the State of New York without regards to the principles of conflicts of law thereof.

The Company and the Depositary have caused this letter agreement to be executed and delivered on their behalf by their respective officers thereunto duly authorized as of the date set forth above.

PSIVIDA LIMITED

By: 

Name: Gavin Rezos
Title: Managing Director

By: 

Name: Aaron Finlay
Title: Chief Financial Officer and
Company Secretary

CITIBANK, N.A.

By: _____

Name: Paul Martin
Title: Vice President

EXHIBIT LIST

- A. [Intentionally Omitted]
- B. Deposit Certification
- C. Withdrawal Certification
- D. Issuance Certification

The Company and the Depositary have caused this letter agreement to be executed and delivered on their behalf by their respective officers thereunto duly authorized as of the date set forth above.

PSIVIDA LIMITED

By: _____
Name: Gavin Rezos
Title: Managing Director

CITIBANK, N.A.


By: 
Name: Paul Martin
Title: Vice President

EXHIBIT LIST

- A. [Intentionally Omitted]
- B. Deposit Certification
- C. Withdrawal Certification
- D. Issuance Certification

EXHIBIT A

[Intentionally Omitted]

EXHIBIT B

to

**Letter Agreement, dated as of November 16, 2005
(the "Letter Agreement"), by and between
pSivida Limited and Citibank, N.A.**

DEPOSIT CERTIFICATION

Citibank, N.A., as Depositary
c/o Agency & Trust Department
111 Wall Street, 15th Floor / Zone 8
New York, New York 10043
Attn.: Broker Services
Facsimile: (212) 825-2029

pSivida Limited
Level 12 BGC Centre
28 The Esplanade
Perth, WA 6000
Australia

Re: pSivida Limited Restricted ADSs

Reference is hereby made to (i) the Deposit Agreement, dated as of January 24, 2005 (the "Deposit Agreement"), by and among pSivida Limited (the "Company"), Citibank, N.A., as Depositary (the "Depositary"), and all Holders and Beneficial Owners of American Depositary Shares (the "ADSs") evidenced by American Depositary Receipts (the "ADRs") issued thereunder, and (ii) the Instructions Letter Agreement, dated as of November 16, 2005 (the "Letter Agreement"), by and between the Company and the Depositary. Capitalized terms used but not defined herein shall have the meanings given to them in the Letter Agreement or the Deposit Agreement, as applicable.

1. The undersigned represents and warrants that (a) the Restricted Shares to be deposited for the purpose of the issuance of the Restricted ADSs are validly issued, fully paid and non-assessable, and free of any statutory preemptive rights of the holders of outstanding Shares, (b) the undersigned is not prohibited from depositing the Restricted Shares with the Custodian on account of any regulation, contractual undertaking or any limitation to any undertaking, and (c) the Restricted Shares being deposited by the undersigned for the issuance of the Restricted ADSs rank *pari passu*, in all respects, including, without limitation, as to distributions, liquidation, voting and preemptive rights, and will rank *pari passu* as to trading and settlement to the issued and outstanding Shares that are on deposit under the Deposit Agreement. Such representations and warranties shall be true and correct as of, and shall survive, the deposit

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of the Restricted Shares, the issuance of Restricted ADSs, and the issuance and delivery of Restricted ADR(s).

2. The undersigned agrees and acknowledges that, prior to the issuance of the Restricted ADSs, the undersigned shall pay to the Depository by wire transfer to the Depository's account (ABA # 021000089, Citibank New York, Attn.: CitiADR Department, RE: pSivida RADR Issuance, A/C# 3685-9028, all applicable fees of the Depository (as set forth on Exhibit B to the Deposit Agreement), including, without limitation, an issuance fee of \$0.04 per Restricted ADS issued, payable in connection with the issuance and delivery of the Restricted ADSs.

3. The undersigned further agrees and acknowledges that the Depository will rely upon the truth and accuracy of the foregoing certifications and agrees that if any of the certifications made herein are no longer accurate, it shall promptly notify the Depository.

4. The undersigned further agrees and acknowledges, and has informed each Holder named below, that the Depository shall have no obligation, and shall incur no liability for its failure, to withhold or report any amounts in connection with any applicable Australian or U.S. tax law.

5. The undersigned acknowledges that (i) it has provided each Holder named below with a copy of the Deposit Agreement and Letter Agreement, respectively (ii) it has informed each Holder that copies of the Deposit Agreement and the Letter Agreement are available for inspection at the principal office of the Depository, located at 388 Greenwich Street, 14th Floor, New York, New York 10013, Attn: ADR Department, and (iii) each Holder named below agrees to be bound by the terms of the Restricted ADR(s), the Deposit Agreement and Letter Agreement, respectively.

[The remainder of this page is intentionally left blank.]

6. The undersigned hereby requests that the Depository, following confirmation of receipt by the Custodian of the deposit of

[NUMBER]
Restricted Shares,

issue Restricted ADR(s) evidencing an aggregate of

[NUMBER]

Restricted ADSs (CUSIP No.: 74439M 11 5

in the name of the Holder and in the corresponding denomination set forth below and deliver such Restricted ADR(s) evidencing the Restricted ADSs so issued to the Holder at the applicable address:

<u>Name of Holder</u>	<u>Address of Holder and Telephone Number</u>	<u>Number of Restricted ADSs to be Issued to Holder</u>
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PSIVIDA LIMITED

By: 

Name:

Title:

Date:

YANIN PERO

CEO/MD

30 - February 2005

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EXHIBIT C
to
Letter Agreement, dated as of November 16, 2005
(the "Letter Agreement"), by and between
pSivida Limited and Citibank, N.A.

WITHDRAWAL CERTIFICATION

[DATE]

pSivida Limited
Level 12 BGC Centre
28 The Esplanade
Perth, WA 6000
Australia

By Hand

Citibank, N.A.
Agency & Trust Department
111 Wall Street, 15th Floor / Zone 8
New York, New York 10043
Attn.: Margie Beckman

By Mail

Citibank, N.A., Agency & Trust Department
111 Wall Street, 15th Floor, Zone 8
New York, New York
Zip Code for Registered and Regular Mail: 10043
Zip Code for Overnight Mail: 10005
Attn: Margie Beckman

Re: pSivida Limited Restricted ADSs

Dear Sirs:

Reference is hereby made to (i) the Deposit Agreement, dated as January 24, 2005 (the "Deposit Agreement"), by and among pSivida Limited (the "Company"), Citibank, N.A., as Depository (the "Depository"), and all Holders and Beneficial Owners of American Depositary Shares (the "ADSs") evidenced by American Depositary Receipts (the "ADRs") issued thereunder, and (ii) the Instructions Letter Agreement, dated as of November 16, 2005 (the "Letter Agreement"),

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by and between the Company and the Depository. Capitalized terms used but not defined herein shall have the meanings given to them in the Letter Agreement or the Deposit Agreement, as applicable.

This Withdrawal Certification is being furnished in connection with the withdrawal of Restricted Shares upon surrender of the Restricted ADR(s) evidencing Restricted ADSs to the Depository.

A. We certify that either:

- (i) We are the beneficial owner of the Restricted ADSs and we have sold or otherwise transferred, or agreed to sell or otherwise transfer and at or prior to the time of withdrawal will have sold or otherwise transferred, the Restricted ADSs or the Restricted Shares (i) to a person other than a U.S. person (as defined in Regulation S under the Securities Act) located outside of the United States (as defined in Regulation S under the Securities Act) in a transaction complying with the requirements of Regulation S under the Securities Act, (ii) in accordance with Rule 144 under the Securities Act, if available, or (iii) pursuant to an effective registration statement under the Securities Act covering such sale or transfer;

OR

- (ii) We are the beneficial owner of the Restricted ADSs or will be the beneficial owner of the Restricted Shares upon withdrawal, and, accordingly, we agree that (x) we will not offer, sell, pledge or otherwise transfer the Restricted Shares except (i) to a person other than a U.S. person (as defined in Regulation S under the Securities Act) located outside of the United States (as defined in Regulation S under the Securities Act) in a transaction complying with the requirements of Regulation S under the Securities Act, (ii) in accordance with Rule 144 under the Securities Act, if available, or (iii) pursuant to an effective registration statement under the Securities Act covering such offer, sale, pledge or transfer, and (y) we will not deposit or cause to be deposited such Restricted Shares into any depository receipt facility established or maintained by a depository bank in the United States (including any such facility maintained by the Depository).

B. We acknowledge that the Company and the Depository will rely upon the truth and accuracy of the foregoing certifications and agree that if any of the certifications made by us herein are no longer accurate, we shall promptly notify the Depository.

C. We agree and acknowledges that, prior to the issuance of the Restricted Shares upon surrender of the Restricted ADSs, the undersigned shall pay to the Depository (by wire transfer to the Depository's account (ABA # 021000089, Citibank New York, Attn.: CitiADR Department, RE: pSivida RADR Issuance, A/C# 3685-9028, all applicable fees of the Depository (as set forth on

Exhibit B to the Deposit Agreement), including, without limitation, a withdrawal fee of \$0.04 per Restricted ADS surrendered, payable in connection with the delivery of the Restricted Shares.

D. We have confirmed with the Company that the Restricted Shares are deliverable to the undersigned by means of the signed acknowledgement below.

Very truly yours,

[NAME OF SURRENDERING HOLDER]

Name:

Title:

Date:

Company Acknowledgement and Representations

In connection with the surrender of Restricted ADSs and requested withdrawal of Restricted Shares by the person named above, we hereby acknowledge receipt of this Withdrawal Certification and represent that the Restricted Shares to be released upon cancellation of the Restricted ADSs surrendered hereby are freely deliverable under Australian law and the Constitution of the Company.

PSIVIDA LIMITED

By: _____

Name:

Title:

Date:

EXHIBIT D
to
Letter Agreement, dated as of November 16, 2005
(the "**Letter Agreement**"), by and between
pSivida Limited and Citibank, N.A.

RESALE ISSUANCE CERTIFICATION FOR UNRESTRICTED ADSs

[DATE], 2005

pSivida Limited
Level 12 BGC Centre
28 The Esplanade
Perth, WA 6000
Australia

By Hand

Citibank, N.A., as Depositary
c/o Agency & Trust Department
111 Wall Street, 15th Floor / Zone 8
New York, New York 10043
Attn.: Margie Beckman

By Mail

Citibank, N.A., Agency & Trust Department
111 Wall Street, 15th Floor, Zone 8
New York, New York
Zip Code for Registered and Regular Mail: 10043
Zip Code for Overnight Mail: 10005
Attn: Margie Beckman

Re: pSivida Limited Restricted ADSs

Ladies and Gentlemen:

Reference is hereby made to (i) the Deposit Agreement, dated as of January 24, 2005 (the "Deposit Agreement"), by and among pSivida Limited (the "Company"), Citibank, N.A., as Depositary (the "Depositary"), and all Holders and Beneficial Owners of American Depositary Shares (the "ADSs") evidenced by American Depositary Receipts (the "ADRs") issued thereunder, and (ii) the Instructions Letter Agreement, dated as of November 16, 2005 (the "Letter Agreement"), by and between the Company and the Depositary. Capitalized terms used but not defined herein shall have the meanings given to them in the Letter Agreement or the Deposit Agreement, as applicable.

E-1

This Resale Issuance Certification for Unrestricted ADSs is being provided in connection with our request to the Depository to exchange the Restricted ADR(s) evidencing the Restricted ADSs and enclosed herewith for issuance and delivery of the ADSs to the purchaser identified below.

- A. The undersigned hereby certifies that:
1. the sale of ADSs by me to the purchaser(s) is registered under, and the terms of such sale of ADSs are contemplated and described in, **[describe the effective registration statement]** (the "Registration Statement");
 2. to my knowledge the purchaser of the ADSs was not, at the time of the purchase of such ADSs, and will not be, at the time of the delivery of such ADSs to the purchaser, an Affiliate of the Company or a person acting on behalf of such an Affiliate;
 3. I am a "Selling Stockholder" as provided for, and my contact information and beneficial ownership information are properly identified, in the Registration Statement, and I am engaging in the sale upon the terms, and in compliance with all conditions, described in the Registration Statement;
 4. to my knowledge no stop order suspending the effectiveness of the Registration Statement or any part thereof has been issued (or with respect to any reports incorporated therein by reference, under the Exchange Act) and no proceedings for that purpose have been instituted or are pending or contemplated by the Commission under the Securities Act;
 5. I have made delivery, or will concurrently with the sale to the purchaser, make delivery, to the purchaser(s) of a prospectus in accordance with, and in full compliance with, the applicable requirements under the Securities Act (and the regulations thereunder);
 6. I have not been advised by the Company that the sale by me of the ADSs to the purchaser(s) is restricted by the Company on account of any "black-out" periods as a result of U.S. or Australian regulation or course of practice; and
 7. (a) the Shares represented by the Restricted ADSs currently held by me, and which will be represented by the ADSs upon the issuance thereof to the purchaser(s) are validly issued, fully paid and non-assessable, and free of any preemptive rights, (b) the Shares which will be represented by ADSs upon issuance thereof to the purchaser(s) rank *pari passu*, in all respects, including, without limitation, as to trading, settlement, distributions, liquidation and preemptive rights, to the issued and outstanding Shares, and (c) I am the legal and beneficial owner of the Restricted ADSs surrendered herewith and of the Shares represented thereby and such Restricted ADSs and the Shares are free and clear of any lien, security interest, option or other charge or encumbrance (other than the restrictions set forth in the Deposit Agreement and the Letter Agreement).

B. The undersigned hereby requests that the Depository: (i) accept, for the issuance of ADSs, the surrender of

Restricted ADR(s) Certificate Number(s):

evidencing

Restricted ADSs (CUSIP No.: 74439M 11 5), and

(ii) following (x) confirmation of receipt by the Depository of the surrender of the Restricted ADR(s) provided for in (i) above, and (y) the Company's acknowledgements and representations below, issue and deliver "free" the following number of ADSs:

(CUSIP No.: 74439M 10 7)

to the purchaser at the following address:

1. If ADSs are to be issued and delivered by means of book-entry transfer:

Name of DTC Participant:	
DTC Participant Account No.:	
Account No. for Purchaser at DTC Participant (f/b/o information):	
Onward Delivery instructions to Purchaser:	
Contact person at DTC Participant:	
Daytime Telephone Number of contact person at DTC Participant:	

2. If ADSs are to be issued delivered in the form of an ADR certificate:

Name of Purchaser:	
Street Address:	
City, State, and Country:	
Nationality:	
Social Security or Tax Identification Number:	

C. The undersigned agrees and acknowledges that, prior to the issuance of the ADSs requested in Section B(ii) above, it shall pay to the Depository (by wire transfer to the Depository's account (ABA # 021000089, Citibank New York, Attn.: CitiADR Department, RE: pSivida RADR Issuance, A/C# 3685-9028, all applicable fees of the Depository (as set forth on Exhibit B to the Deposit Agreement), including, without limitation, a cancellation and issuance fee of \$0.04 per Restricted ADS cancelled and ADS issued, payable in connection with the issuance and delivery of the ADSs.

D. The undersigned further agrees and acknowledges that the Company and the Depository will rely upon the truth and accuracy of the foregoing certifications and agrees that if any of the certifications made herein are no longer accurate, it shall promptly notify the Depository.

Very truly yours,

[NAME]
[TITLE]
[DATE]

**pSivida Limited
Level 12 BGC Centre
28 The Esplanade
Perth, WA 6000
Australia**

As of August 24, 2005

Citibank, N.A. - ADR Department
388 Greenwich Street, 14th Floor
New York, New York 10013

Re: Restricted pSivida ADSs

Ladies and Gentlemen:

Reference is made to (i) the Deposit Agreement, dated as of January 24, 2005 (the "Deposit Agreement"), by and among pSivida Limited, a company organized under the laws of the Commonwealth of Australia (the "Company"), Citibank, N.A., as Depositary (the "Depositary"), and all Holders and Beneficial Owners of American Depositary Shares ("ADSs") evidenced by American Depositary Receipts ("ADRs") issued thereunder, (ii) the Securities Purchase Agreement, dated August 23, 2005 (the "Purchase Agreement"), by and between the Company and the buyer(s) named therein and identified in Exhibit A hereto (the "Buyers"), and (iii) the Company's Warrants (the "Warrants"). All capitalized terms used, but not otherwise defined, in this letter agreement (the "Letter Agreement") shall have the meaning assigned thereto in the Deposit Agreement.

In connection with the sale by the Company of (i) up to an aggregate of 665,000 Restricted ADSs (as defined below) in one or more transactions and (ii) Warrants exercisable for additional Restricted ADSs according to their terms, to the Buyers, in each case, without registration under the Securities Act in transactions made pursuant to the Purchase Agreement (each such transaction, a "Sale"), the Company wishes to enable the deposit of (i) up to an

aggregate of 6,650,000 ordinary shares of the Company (the "Restricted Shares") to facilitate the issuance of up to an aggregate of 665,000 restricted ADSs (the "Restricted ADSs") evidenced in each case by restricted American Depositary Receipt certificates (the "Restricted ADRs") and (ii) upon the exercise of Warrants in accordance with their terms and conditions, the applicable number of Restricted Shares to facilitate the issuance of the corresponding number of Restricted ADSs issuable upon the exercise of Warrants, in each case, under the terms of Section 2.12 of the Deposit Agreement, as supplemented by the terms of this Letter Agreement.

Under the Purchase Agreement, the Company has agreed to file a Registration Statement (the "Initial Registration Statement") with the Commission and cause the Initial Registration Statement to become effective as soon as possible after the date hereof, but not later one hundred and eighty (180) days from the date hereof; in addition, the Company has agreed to file under certain circumstances upon request of certain holders a subsequent registration statement covering the sale by such holders of Warrant Shares (the "Demand Registration Statement", each of the Initial Registration Statement and the Demand Registration Statement are referred to herein as a "Registration Statement"), and cause that registration statement to become effective as soon as commercially reasonable after such request. The Company and the Depositary filed a Registration Statement on Form F-6 with the Commission on January 20, 2005 (Registration No.: 333-1122158), which covers the issuance of ADSs. It is contemplated that the Restricted ADSs may be sold, transferred or otherwise disposed only (i) in connection with an effective Registration Statement under the Securities Act or (ii) upon receipt by the Company and the Depositary of (a) an opinion of counsel to the transferor satisfactory to the Company and the Depositary that the sale, transfer or other disposition is exempt from the registration requirements of the Securities Act and (b) such other documentation satisfactory to

the Company and the Depositary. The purpose and intent of this Letter Agreement is to supplement the Deposit Agreement in connection with each Sale for the sole purpose of accommodating the issuance of the Restricted ADSs, including in connection with the exercise of Warrants, the issuance and delivery of Restricted ADR(s), the transfer of the Restricted ADR(s) and the Restricted ADSs evidenced thereby, the withdrawal of Restricted Shares and the exchange of the Restricted ADSs for ADSs.

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company and the Depositary hereby agree, as follows:

1. **Depositary Procedures.** The Company instructs the Depositary, and the Depositary agrees, upon the terms and subject to the conditions set forth in this Letter Agreement, to (i) establish procedures to enable (x) the Company to deposit (a) after the date hereof, up to an aggregate of 6,650,000 Restricted Shares to be represented by up to an aggregate of 665,000 Restricted ADSs sold to the Buyers under the Purchase Agreement and (b) upon the exercise of Warrants from time to time in accordance with their terms, the applicable number of Restricted Shares to be represented by the corresponding number of Restricted ADSs, in each case under the terms of Section 2.12 of the Deposit Agreement, as supplemented by the terms of this Letter Agreement, (y) the transfer of the Restricted ADR(s) and the Restricted ADSs evidenced thereby and the withdrawal of the Restricted Shares represented by Restricted ADSs (to the extent such Restricted Shares are deliverable under Australian law), and (z) the exchange of the Restricted ADSs for ADSs pursuant to the Registration Statement, in each case upon the terms, and subject to the conditions, set forth in the Deposit Agreement, as supplemented by this Letter Agreement, and (ii) issue Restricted ADR(s) evidencing such Restricted ADSs in the names of the Buyers (or their representative(s)) in denominations designated by the Company

(not, in the aggregate, exceeding the corresponding number of Restricted Shares then held on deposit with the Custodian) and to deliver the Restricted ADR(s) so issued to the Buyers (or their representative(s)), in each case as set forth on Exhibit A hereto.

2. **Company Assistance.** The Company agrees to (i) assist the Depositary in the establishment of procedures to enable the acceptance of the deposit by the Company of the Restricted Shares on the date hereof and from time to time upon exercise of Warrants, the issuance of the Restricted ADSs, the issuance and delivery of the Restricted ADR(s), the transfer of the Restricted ADR(s) and the Restricted ADSs evidenced thereby, the withdrawal of the Restricted Shares and the exchange of Restricted ADSs for ADSs, (ii) take all commercially reasonable steps necessary and satisfactory to the Depositary to ensure that the acceptance of the deposit of the Restricted Shares, the issuance of Restricted ADSs, the issuance and delivery of the Restricted ADR(s), the transfer of Restricted ADR(s) and the Restricted ADSs evidenced thereby, the exchange of Restricted ADSs for ADSs, and the withdrawal of Restricted Shares (to the extent such Restricted Shares are deliverable under Australian law), in each case upon the terms and conditions set forth in the Deposit Agreement, as supplemented by this Letter Agreement, do not materially prejudice the rights of Holders and Beneficial Owners of ADSs and do not violate the provisions of the Securities Act or any other applicable laws, (iii) deliver a copy of this Letter Agreement to each of the Buyers listed in Exhibit A hereof in connection with each Sale and (iv) cause each of the Buyers to make the representations and acknowledgments required hereby. In furtherance of the foregoing, the Company shall (x) cause its U.S. counsel to deliver, in respect of each Sale, a legal opinion satisfactory to the Depositary addressing, *inter alia*, the following points: (1) such Sale is exempt from the registration requirements of the Securities Act and the rules and regulations thereunder as interpreted by the Commission, and

(2) the Company is not an “investment company” within the meaning of the Investment Company Act of 1940, as amended, (y) cause its Australian counsel to deliver an opinion to the Depository addressing, *inter alia*, the following points: (1) this Letter Agreement has been duly executed and delivered for and on behalf of the Company by an officer of the Company duly elected or appointed and thereunto duly authorized and constitutes the legal, valid and binding agreement of the Company, enforceable against the Company in accordance with its terms in Australia, except as may be limited by bankruptcy, insolvency, moratorium or similar laws affecting creditors’ rights generally and general principles of equity, (2) all requisite permissions, consents, approvals, authorizations and orders (if any) have been obtained and all requisite filings (if any) have been made in Australia to enable the Company to enter into this Letter Agreement and for the Company, the Depository and the Buyers to engage in the transactions contemplated herein, (3) neither this Letter agreement nor any other document or instrument delivered by the Company to the Depository needs to be recorded or filed with any agency or authority under Australian law, nor does any stamp or similar tax need to be paid under Australian law to ensure the legality, validity, enforceability or admissibility into evidence of this Letter Agreement, (4) none of the terms of this Letter Agreement violate or conflict with, nor does the execution and delivery of this Letter Agreement or the consummation of the transactions contemplated herein violate or conflict with, the Constitution of the Company or any agreement to which the Company is a party or by which the Company is bound, (5) none of the terms nor the transactions contemplated by this Letter Agreement violate any law, rule, regulation, order, judgment, administrative decree or regulation of Australia or to which the Company is otherwise subject, and (6) all of the Restricted Shares to be deposited with the Depository under the Deposit Agreement pursuant to the terms of Section 2.12 thereof and this

Letter Agreement have been duly authorized and validly issued and are fully paid and nonassessable, and are free of any transfer or voting restrictions, and free of any preemptive rights (other than preemptive rights properly waived by the shareholders of the Company), and (z) complete, sign and deliver a deposit certification substantially in the form of Exhibit B hereto (the "Deposit Certification") by facsimile (followed by an original) to the Depository located at (a) for any issuance of Restricted ADSs in connection with the Sales other than upon exercise of Warrants, 388 Greenwich Street, 14th Floor, New York, NY 10013, Attn: Susan A. Lucanto, facsimile no.: (212) 816-6865 and (b) for any issuance of Restricted ADSs in connection with the exercise of Warrants from time to time, 111 Wall Street, 15th Floor, Zone 8, New York, New York 10043, Attn: Broker Services, facsimile no.: (212) 825-2029. In the event a Buyer wishes to surrender the Restricted ADR(s) evidencing the Restricted ADSs to the Depository for cancellation of such Restricted ADSs and receipt of the corresponding number of Restricted Shares, the Company shall cause each such Buyer to complete and sign a withdrawal certification substantially in the form of Exhibit C hereto (the "Withdrawal Certification") and deliver such Withdrawal Certification, accompanied by the Restricted ADR(s) evidencing the Restricted ADSs being surrendered and payment of the fees of the Depository in the manner described in Section 6, to the Depository at the address, and in the manner, set forth on Exhibit C hereto and provide the Depository with written confirmation satisfactory to the Depository (which may include an opinion of Australian counsel) that the Restricted Shares are eligible for delivery to such Buyer under Australian law and the Company's Constitution, by executing the Company's Acknowledgement and Representation attached thereto. In the event the Buyer wishes to deliver the Restricted ADR(s) evidencing the Restricted ADSs to the Depository for the issuance and delivery of ADSs in connection with an effective Registration Statement, the

Company shall provide the Depositary with written confirmation satisfactory to the Depositary, including an opinion of U.S. counsel in the form described in Section 9 that a Registration Statement is in effect as to such Buyer and cause each such Buyer to complete and sign a resale issuance certification for unrestricted ADSs substantially in the form of Exhibit D hereto (the “Resale Issuance Certification”) and to deliver such Resale Issuance Certification, accompanied by the Restricted ADR(s) evidencing the Restricted ADSs being surrendered in connection with the issuance and delivery of ADSs, together with payment of the fees of the Depositary in the manner described in Section 9, to the Depositary at the address, and in the manner, set forth on Exhibit D hereto.

3. Limitations on Issuance of Restricted ADSs. The Company hereby instructs the Depositary, and the Depositary agrees upon the terms, and subject to the conditions, set forth in this Letter Agreement, to issue to the Buyers (or their representative(s)) and to deliver to the Buyers (or their representative(s)), in each case as identified on Exhibit A hereto, Restricted ADR(s) evidencing the applicable number of Restricted ADSs designated by the Company (not, in the aggregate, exceeding the corresponding number of Restricted Shares being deposited at any time) upon receipt of (i) confirmation of the due deposit by the Company with the Custodian of the applicable number of Restricted Shares provided for below, (ii) the opinions of U.S. and Australian counsel identified in Section 2 hereof, (iii) the corresponding Deposit Certifications set forth in Exhibit B hereto, and (iv) payment by wire transfer to the Depositary’s account (ABA # 021000089, Citibank New York, Attn.: CitiADR Department, RE: pSivida RADR Issuance, A/C# 3685-9028) of a Restricted ADS issuance fee of \$0.04 per Restricted ADS issued, together with all applicable taxes and expenses otherwise payable under the terms of the Deposit Agreement for the deposit of Shares and issuance of ADSs (including, without

limitation, confirmation that any Australian stock transfer taxes in respect of such deposit (if any) have been paid). The Restricted ADSs issued upon the deposit of Restricted Shares shall be separately identified on the books of the Depository under CUSIP No. 74439M J9 9 and the Restricted Shares shall be held separate and distinct from the other Deposited Securities held by the Custodian in respect of the ADSs issued under the Deposit Agreement that are not Restricted ADSs. Neither the Restricted Shares nor the Restricted ADSs shall be eligible for "Pre-Release Transactions" described in Section 5.10 of the Deposit Agreement. The Restricted ADSs shall not be eligible for inclusion in any book-entry settlement system, including, without limitation, The Depository Trust Company, and shall not in any way be fungible with the other ADSs issued under the terms of the Deposit Agreement that are not Restricted ADSs (except upon the terms and conditions set forth in Section 9 hereof). Nothing contained in this Letter Agreement shall in any way be deemed to obligate the Depository, or to give authority to the Depository, to accept any Shares (other than the Restricted Shares described herein) for deposit under the terms hereof.

4. **Stop Transfer Notation and Legend.** The books of the Depository shall identify the Restricted ADSs as "restricted" and shall contain a "stop transfer" notation to that effect. The Restricted ADR(s) shall contain the following legend:

"THIS RESTRICTED AMERICAN DEPOSITARY RECEIPT HAS BEEN ISSUED PURSUANT, AND IS SUBJECT, TO THE TERMS OF THE LETTER AGREEMENT, DATED AS OF AUGUST 24, 2005 (THE "LETTER AGREEMENT") , BY AND BETWEEN THE DEPOSITORY AND PSIVIDA LIMITED (THE "COMPANY"). THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR QUALIFIED UNDER ANY APPLICABLE STATE SECURITIES LAWS, AND MAY NOT AT ANY TIME BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1)(A) IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER THE SECURITIES ACT (E.G., PURSUANT TO RULE 144 OR REGULATIONS UNDER THE SECURITIES ACT) OR (B) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT COVERING SUCH SALE, AND (2) IN

EACH CASE IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES. THE DEPOSITARY SHALL NOT AT ANY TIME REGISTER THE TRANSFER OF THIS RESTRICTED ADR OR THE RESTRICTED ADSs EVIDENCED HEREBY UNLESS IT HAS RECEIVED A SATISFACTORY OPINION OF COUNSEL THAT SUCH TRANSFER IS EXEMPT FROM REGISTRATION UNDER THE SECURITIES ACT OR A WRITTEN CERTIFICATION THAT (X) SUCH SALE WAS MADE IN ACCORDANCE WITH AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT COVERING SUCH SALE AND (Y) ALL APPLICABLE PROSPECTUS DELIVERY REQUIREMENTS HAVE BEEN SATISFIED. NO REPRESENTATION IS MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 OR REGULATIONS UNDER THE SECURITIES ACT FOR RESALE OF THE RESTRICTED SHARES OR THE RESTRICTED ADSs.

THE DEPOSITARY SHALL NOT AT ANY TIME CANCEL THIS RESTRICTED ADR OR THE RESTRICTED ADSs EVIDENCED HEREBY FOR THE PURPOSE OF WITHDRAWAL OF THE RESTRICTED SHARES REPRESENTED BY THE RESTRICTED ADSs EVIDENCED HEREBY UNLESS IT SHALL HAVE RECEIVED WRITTEN CONFIRMATION SATISFACTORY TO THE DEPOSITARY (WHICH MAY INCLUDE AN OPINION OF AUSTRALIAN COUNSEL) THAT THE RESTRICTED SHARES ARE ELIGIBLE FOR DELIVERY UNDER AUSTRALIAN LAW, A SIGNED WITHDRAWAL CERTIFICATION (AS DEFINED AND IN THE FORM PRESENTED IN THE LETTER AGREEMENT) AND THE FEES APPLICABLE TO CANCELLATION OF ADSs UNDER THE DEPOSIT AGREEMENT, AS SUPPLEMENTED BY THE LETTER AGREEMENT.”

5. Limitations on Transfer of Restricted ADSs. The Restricted ADR(s)

and the Restricted ADSs evidenced thereby, shall be transferable by the Holder thereof, in transactions other than those described in Section 9 hereof, only upon delivery to the Depositary of (i) all documentation otherwise contemplated by the Deposit Agreement, (ii) an opinion of the applicable Holder’s U.S. counsel reasonably satisfactory to the Depositary stating that, *inter alia*, the requested transfer is in accordance with the conditions upon which the Restricted ADR is, and the Restricted ADSs evidenced thereby are, transferable by the Holder thereof under applicable securities laws and the transfer restrictions contained in the legend set forth on the

Restricted ADR presented for transfer, and (iii) payment of all standard fees related to the transfer of an ADR under the Deposit Agreement.

6. **Limitations On Cancellation of Restricted ADSs and Withdrawal of Restricted Shares.** The Company instructs the Depository, and the Depository agrees, not to release any Restricted Shares nor cancel any Restricted ADSs upon presentation to it of a Restricted ADR for the purpose of withdrawing the underlying Restricted Shares, unless (w) all of the conditions applicable to the withdrawal of Shares from the depository receipts facility created pursuant to the terms of the Deposit Agreement have been satisfied, and (x) the Depository has received written confirmation from the Company satisfactory to the Depository (which may include an opinion of Australian counsel) that the Restricted Shares are eligible for delivery to the withdrawing Buyer under Australian law, (y) payment by the withdrawing Buyer (or its representative(s)) by wire transfer to the Depository's account (ABA # 021000089, Citibank New York, Attn.: CitiADR Department, RE: pSivida RADR Issuance, A/C# 3685-9028) of a deposited securities withdrawal fee of \$0.04 per Restricted ADS surrendered and taxes and expenses otherwise payable under the terms of the Deposit Agreement upon the withdrawal of Shares upon surrender of ADSs (including, without limitation, confirmation that any Australian stock transfer taxes in respect of such deposit (if any) have been paid) and (z) a duly completed and signed Withdrawal Certification from the person requesting the withdrawal of the Restricted Shares.

7. **Exercise of Warrants and Issuance of Restricted ADSs.** Upon receipt by the Company of acceptable documentation for the exercise of Warrants, the Company shall provide the Depository with a properly completed and duly executed Deposit Certification in the form of Exhibit B. Upon confirmation of receipt by the Custodian of deposit of the applicable

number of Restricted Shares, receipt by the Depositary of a properly completed and executed Deposit Certification in the form Exhibit B and payment by wire transfer to the Depositary's account (ABA # 021000089, Citibank New York, Attn.: CitiADR Department, RE: pSivida RADR Issuance, A/C# 3685-9028) of a Restricted ADS issuance fee of \$0.04 per Restricted ADS issued, together with taxes and expenses otherwise payable under the terms of the Deposit Agreement upon the deposit of Shares and the issuance of ADSs (including, without limitation, confirmation that any Australian stock transfer taxes in respect of such deposit (if any) have been paid), the Depositary shall deliver the Restricted ADSs in accordance with the delivery instructions printed in such notice.

8. Fungibility. Except as contemplated in the Deposit Agreement and this Letter Agreement and except as required by applicable law, the Restricted ADR(s) and the Restricted ADSs evidenced thereby shall, to the maximum extent permitted by law and to the maximum extent practicable, be treated as ADR(s) and ADSs issued and outstanding under the terms of the Deposit Agreement that are not "Restricted ADR(s)" and "Restricted ADSs," respectively, on terms not less favorable than those afforded to such ADSs and ADR(s). Nothing contained herein shall obligate the Depositary to treat Holders of Restricted ADR(s) on terms more favorable than those accorded to Holders of ADRs under the Deposit Agreement.

9. Resales Pursuant to the Registration Statement.

Provided the Depositary has received (x) an opinion of U.S. counsel satisfactory to the Depositary that addressing the following points: (1) a Registration Statement has been declared effective under the Securities Act, and, to such counsel's knowledge, no stop order suspending the effectiveness of the Registration Statement or any part thereof has been issued and no proceedings for that purpose have been instituted or are pending or contemplated under

the Securities Act (or, with respect to any reports under the Exchange Act incorporated therein by reference), (2) the Company is not an “investment company” within the meaning of the Investment Company Act of 1940, as amended, and (3) the proposed resale by each of such Buyers is covered by such Registration Statement, (y) a properly completed and duly executed Resale Issuance Certification, and (z) a fee of \$0.04 per Restricted ADS (or fraction thereof) surrendered for cancellation and for the subsequent issuance of the corresponding number of ADSs, the Depositary shall take all actions necessary to remove any distinctions previously existing between the applicable Restricted ADSs and the ADSs that are not Restricted ADSs, including, without limitation, by (i) causing the Custodian to transfer the applicable number of Restricted Shares into the account for the Deposited Securities in respect of the ADSs that are not Restricted ADSs, (ii) removing the stop transfer notations on its records in respect of the relevant ADSs previously identified as Restricted ADSs, and (iii) removing the legend from the Restricted ADR(s) identified in Section 4 above. The Depositary will no longer treat the applicable Restricted ADSs as “Restricted ADSs” under the terms of the Deposit Agreement upon the Depositary’s receipt of the documentation set forth above.

10. Representations and Warranties. The Company hereby represents and warrants that (a) the Restricted Shares currently held by, and to be deposited by, the Company upon purchase by the Buyers under the Purchase Agreement for the purpose of the issuance of the Restricted ADSs are validly issued, fully paid and non-assessable, and free of any statutory preemptive rights of the holders of outstanding Shares, (b) the Company is not and will not be at the time of deposit prohibited from depositing the Restricted Shares with the Custodian as a result of any agreement to which the Company is a party or is bound, and (c) the Restricted Shares being deposited and to be deposited upon exercise of Warrants by the Company for the

issuance of the Restricted ADSs rank or will rank *pari passu*, in all respects, including, without limitation, as to trading (subject to the operation of the Corporations Act 2001 (Cth) in relation to the sale of securities issued in Australia without a disclosure document), settlement, distributions, liquidation and preemptive rights, to the issued and outstanding Shares that are on deposit under the Deposit Agreement, the Restricted Shares being deposited and to be deposited upon exercise of Warrants by the Company for the issuance of the Restricted ADSs rank or will rank *pari passu*, in all respects, including, without limitation, as to trading, settlement, distributions, liquidation and preemptive rights, to the issued and outstanding Shares that are on deposit under the Deposit Agreement. Such representations and warranties shall be true and correct as of, and shall survive, the deposit of the Restricted Shares, the issuance of Restricted ADSs, and the issuance and delivery of Restricted ADR(s).

11. Indemnity. The Company and the Depositary acknowledge and agree that the indemnification provisions under Section 5.8 of the Deposit Agreement shall apply to the actions taken by the Depositary in reliance upon the representations and warranties of the Company set forth herein and the acceptance of Restricted Shares for deposit, the issuance of Restricted ADSs, the issuance and delivery of Restricted ADR(s), the transfer of Restricted ADR(s) and the Restricted ADSs evidenced thereby, the withdrawal of Restricted Shares, the exchange of the Restricted ADSs into ADSs, the removal of the stop transfer notations on its records and the removal of the legend from the Restricted ADR(s) in connection with the Sale, in each case upon the terms set forth herein, as well as to any other acts performed or omitted by the Depositary as contemplated by this letter agreement.

This letter agreement shall be interpreted and all rights hereunder shall be governed by the laws of the State of New York without regard to the principles of conflicts of law thereof.

The Company and the Depository have caused this letter agreement to be executed and delivered on their behalf by their respective officers thereunto duly authorized as of the date set forth above.

PSIVIDA LIMITED

By: 

Name: Gavin Rezos
Title: Managing Director

CITIBANK, N.A.

By: _____

Name: Susan A. Lucanto
Title: Vice President

EXHIBIT LIST

- A. Buyers
- B. Deposit Certification
- C. Withdrawal Certification
- D. Issuance Certification

This letter agreement shall be interpreted and all rights hereunder shall be governed by the laws of the State of New York without regards to the principles of conflicts of law thereof.

The Company and the Depositary have caused this letter agreement to be executed and delivered on their behalf by their respective officers thereunto duly authorized as of the date set forth above.

PSIVIDA LIMITED

By: _____
Name: Gavin Rezos
Title: Managing Director

CITIBANK, N.A.

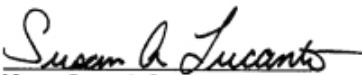
By: 
Name: Susan A. Lucanto
Title: Vice President

EXHIBIT LIST

- A. Buyers
- B. Deposit Certification
- C. Withdrawal Certification
- D. Issuance Certification

EXHIBIT A
to
Letter Agreement, dated as of August 24, 2005
(the "Letter Agreement"),
by and between
pSivida Limited and Citibank, N.A.

BUYER(S)

**All capitalized terms used but not otherwise defined herein
shall have the meaning given to such terms in the Letter Agreement.**

<u>Name of Buyer</u>	<u>Address of Buyer and Telephone Number</u>	<u>Number of Restricted ADSs to be Issued to Buyer</u>
Absolute Octane Fund Limited	Absolute Capital Management (Spain) S.L. Edificio Reina Constanza Porto Pi 8 Planta 10 A 07015 Planta do Mallorca 34 971 765 546	150,000
Australian IT Investments, Limited	11 Bath Street St. Helier, Jersey C.I. 00 44 1534 727195	400,000
Frank Davis & Lea Bone, JTWROS	2948 Redmont Park Lane Birmingham, AL 35205 205 930-9989	10,000
Lawrence Dickerson & Marcela Donadio, JTWROS	3704 Farber Street Houston, TX 77005 281 492-5306	10,000
Christopher & Jill Manning, JTWROS	6147 Orchid Lane Dallas, TX 75230 214 265-8205	10,000
Kevin McDonough	2726 Woods Lane Garland, TX 75044 972 530-2998	15,000
Gilbert S. Omenn	3340 East Dobson Place Ann Arbor, MI 48105 734 764-6986	10,000

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Andrew S. & Sheri Rosen, JTWROS	200 Crescent Ct. Suite 1600 Dallas, TX 75201 214 740-7313	15,000
Sack Family Partners LP	415 L'Ambiance Dr. (PH-D) Longboat Key, FL 34228 508 539-8852	15,000
Daryl & Marilyn Schaller, JTWROS	1709 York Island Dr. Naples FL 34112 239 417-2704	10,000
Michael T. & Jane E. Smith, JTWROS	15903 Roseto Way Naples, FL 34110 293 593-7806	10,000
Jack Sommer	2820 West Charleston Blvd, # 7A Las Vegas, NV 89102-1929 212 661-0844	10,000

EXHIBIT B
to
Letter Agreement, dated as of August 24, 2005
(the "Letter Agreement"), by and between
pSivida Limited and Citibank, N.A.

DEPOSIT CERTIFICATION

Citibank, N.A., as Depositary
c/o Agency & Trust Department
111 Wall Street, 15th Floor / Zone 8
New York, New York 10043
Attn.: Broker Services
Facsimile: (212) 825-2029

pSivida Limited
Level 12 BGC Centre
28 The Esplanade
Perth, WA 6000
Australia

Re: pSivida Limited Restricted ADSs

Reference is hereby made to (i) the Deposit Agreement, dated as of January 24, 2005 (the "Deposit Agreement"), by and among pSivida Limited (the "Company"), Citibank, N.A., as Depositary (the "Depositary"), and all Holders and Beneficial Owners of American Depositary Shares (the "ADSs") evidenced by American Depositary Receipts (the "ADRs") issued thereunder, and (ii) the Instructions Letter Agreement, dated as of August 24, 2005 (the "Letter Agreement"), by and between the Company and the Depositary. Capitalized terms used but not defined herein shall have the meanings given to them in the Letter Agreement or the Deposit Agreement, as applicable.

1. The undersigned represents and warrants that (a) the Restricted Shares to be deposited for the purpose of the issuance of the Restricted ADSs are validly issued, fully paid and non-assessable, and free of any statutory preemptive rights of the holders of outstanding Shares, (b) the undersigned is not prohibited from depositing the Restricted Shares with the Custodian on account of any regulation, contractual undertaking or any limitation to any undertaking, and (c) the Restricted Shares being deposited by the undersigned for the issuance of the Restricted ADSs rank *pari passu*, in all respects, including, without limitation, as to distributions, liquidation, voting and preemptive rights, and will rank *pari passu* as to trading and settlement to the issued and outstanding Shares that are on deposit under the Deposit Agreement. Such representations and warranties shall be true and correct as of, and shall survive, the deposit

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of the Restricted Shares, the issuance of Restricted ADSs, and the issuance and delivery of Restricted ADR(s).

2. The undersigned agrees and acknowledges that, prior to the issuance of the Restricted ADSs, the undersigned shall pay to the Depositary by wire transfer to the Depositary's account (ABA # 021000089, Citibank New York, Attn.: CitiADR Department, RE: pSivida RADR Issuance, A/C# 3685-9028, all applicable fees of the Depositary (as set forth on Exhibit B to the Deposit Agreement), including, without limitation, an issuance fee of \$0.04 per Restricted ADS issued, payable in connection with the issuance and delivery of the Restricted ADSs.

3. The undersigned further agrees and acknowledges that the Depositary will rely upon the truth and accuracy of the foregoing certifications and agrees that if any of the certifications made herein are no longer accurate, it shall promptly notify the Depositary.

4. The undersigned further agrees and acknowledges, and has informed each Buyer named below, that the Depositary shall have no obligation, and shall incur no liability for its failure, to withhold or report any amounts in connection with any applicable Australian or U.S. tax law.

5. The undersigned acknowledges that (i) it has provided each Buyer named below with a copy of the Deposit Agreement and Letter Agreement, respectively (ii) it has informed each Buyer that copies of the Deposit Agreement and the Letter Agreement are available for inspection at the principal office of the Depositary, located at 388 Greenwich Street, 14th Floor, New York, New York 10013, Attn: ADR Department, and (iii) each Buyer named below agrees to be bound by the terms of the Restricted ADR, the Deposit Agreement and Letter Agreement, respectively.

[The remainder of this page is intentionally left blank.]

6. The undersigned hereby requests that the Depositary, following confirmation of receipt by the Custodian of the deposit of

6,650,000
Restricted Shares,

issue Restricted ADRs evidencing an aggregate of

665,000
Restricted ADSs (CUSIP No.: 74439M J9 9)

in the name of the Buyer and in the corresponding denomination set forth below and deliver such Restricted ADR evidencing the Restricted ADSs so issued to the Buyer at the applicable address:

<u>Name of Buyer</u>	<u>Address of Buyer and Telephone Number</u>	<u>Number of Restricted ADSs to be Issued to Buyer</u>
Absolute Octane Fund Limited	Absolute Capital Management (Spain) S.L. Edificio Reina Constanza Porto Pi 8 Planta 10 A 07015 Planta do Mallorca 34 971 765 546	150,000
Australian IT Investments, Limited	11 Bath Street St. Helier, Jersey C.I. 00 44 1534 727195	400,000
Frank Davis & Lea Bone, JTWROS	2948 Redmont Park Lane Birmingham, AL 35205 205 930-9989	10,000
Lawrence Dickerson & Marcela Donadio, JTWROS	3704 Farber Street Houston, TX 77005 281 492-5306	10,000
Christopher & Jill Manning, JTWROS	6147 Orchid Lane Dallas, TX 75230 214 265-8205	10,000
Kevin McDonough	2726 Woods Lane Garland, TX 75044 972 530-2998	15,000
Gilbert S. Omenn	3340 East Dobson Place Ann Arbor, MI 48105 734 764-6986	10,000
Andrew S. & Sheri Rosen, JTWROS	200 Crescent Ct Suite 1600 Dallas, TX 75201 214 740-7313	15,000

Sack Family Partners LP	415 L'Ambiance Dr. (PH-D) Longboat Key, FL 34228 508 539-8852	15,000
Daryl & Marilyn Schaller, JTWROS	1709 York Island Dr. Naples FL 34112 239 417-2704	10,000
Michael T. & Jane E. Smith, JTWROS	15903 Roseto Way Naples, FL 34110 293 593-7806	10,000
Jack Sommer	2820 West Charleston Blvd, # 7A Las Vegas, NV 89102-1929 212 661-0844	10,000

PSIVIDA LIMITED

By: _____
Name:
Title:
Date:

EXHIBIT C
to
Letter Agreement, dated as of August 24, 2005
(the "Letter Agreement"), by and between
pSivida Limited and Citibank, N.A.

WITHDRAWAL CERTIFICATION

[DATE]

pSivida Limited
Level 12 BGC Centre
28 The Esplanade
Perth, WA 6000
Australia

By Hand

Citibank, N.A.
Agency & Trust Department
111 Wall Street, 15th Floor / Zone 8
New York, New York 10043
Attn.: Margie Beckman

By Mail

Citibank, N.A., Agency & Trust Department
111 Wall Street, 15th Floor, Zone 8
New York, New York
Zip Code for Registered and Regular Mail: 10043
Zip Code for Overnight Mail: 10005
Attn: Margie Beckman

Re: pSivida Limited Restricted ADSs

Dear Sirs:

Reference is hereby made to (i) the Deposit Agreement, dated as January 24, 2005 (the "Deposit Agreement"), by and among pSivida Limited (the "Company"), Citibank, N.A., as Depository (the "Depository"), and all Holders and Beneficial Owners of American Depositary Shares (the "ADSs") evidenced by American Depositary Receipts (the "ADRs") issued thereunder, and (ii) the Instructions Letter Agreement, dated as of August 24, 2005 (the "Letter Agreement"), by

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and between the Company and the Depositary. Capitalized terms used but not defined herein shall have the meanings given to them in the Letter Agreement or the Deposit Agreement, as applicable.

This Withdrawal Certification is being furnished in connection with the withdrawal of Restricted Shares upon surrender of the Restricted ADR(s) evidencing Restricted ADSs to the Depositary.

A. We certify that either:

- (i) We are the beneficial owner of the Restricted ADSs and we have sold or otherwise transferred, or agreed to sell or otherwise transfer and at or prior to the time of withdrawal will have sold or otherwise transferred, the Restricted ADSs or the Restricted Shares (i) to a person other than a U.S. person (as defined in Regulation S under the Securities Act) located outside of the United States (as defined in Regulation S under the Securities Act) in a transaction complying with the requirements of Regulation S under the Securities Act, (ii) in accordance with Rule 144 under the Securities Act, if available, or (iii) pursuant to an effective registration statement under the Securities Act covering such sale or transfer;

OR

- (ii) We are the beneficial owner of the Restricted ADSs or will be the beneficial owner of the Restricted Shares upon withdrawal, and, accordingly, we agree that (x) we will not offer, sell, pledge or otherwise transfer the Restricted Shares except (i) to a person other than a U.S. person (as defined in Regulation S under the Securities Act) located outside of the United States (as defined in Regulation S under the Securities Act) in a transaction complying with the requirements of Regulation S under the Securities Act, (ii) in accordance with Rule 144 under the Securities Act, if available, or (iii) pursuant to an effective registration statement under the Securities Act covering such offer, sale, pledge or transfer, and (y) we will not deposit or cause to be deposited such Restricted Shares into any depositary receipt facility established or maintained by a depositary bank in the United States (including any such facility maintained by the Depositary).

B. We acknowledge that the Company and the Depositary will rely upon the truth and accuracy of the foregoing certifications and agree that if any of the certifications made by us herein are no longer accurate, we shall promptly notify the Depositary.

C. We agree and acknowledges that, prior to the issuance of the Restricted Shares upon surrender of the Restricted ADSs, the undersigned shall pay to the Depositary (by wire transfer to the Depositary's account (ABA # 021000089, Citibank New York, Attn.: CitiADR Department, RE: pSivida RADR Issuance, A/C# 3685-9028, all applicable fees of the Depositary (as set forth on

Exhibit B to the Deposit Agreement), including, without limitation, a withdrawal fee of \$0.04 per Restricted ADS surrendered, payable in connection with the delivery of the Restricted Shares.

D. We have confirmed with the Company that the Restricted Shares are deliverable to the undersigned by means of the signed acknowledgement below.

Very truly yours,

[NAME OF SURRENDERING BUYER]

Name:

Title:

Date:

Company Acknowledgement and Representations

In connection with the surrender of Restricted ADSs and requested withdrawal of Restricted Shares by the person named above, we hereby acknowledge receipt of this Withdrawal Certification and represent that the Restricted Shares to be released upon cancellation of the Restricted ADSs surrendered hereby are freely deliverable under Australian law and the Constitution of the Company.

PSIVIDA LIMITED

By: _____

Name:

Title:

Date:

EXHIBIT D
to
Letter Agreement, dated as of August 24, 2005
(the "Letter Agreement"), by and between
pSivida Limited and Citibank, N.A.

RESALE ISSUANCE CERTIFICATION FOR UNRESTRICTED ADSs

[DATE], 2005

pSivida Limited
Level 12 BGC Centre
28 The Esplanade
Perth, WA 6000
Australia

By Hand

Citibank, N.A., as Depositary
c/o Agency & Trust Department
111 Wall Street, 15th Floor / Zone 8
New York, New York 10043
Attn.: Margie Beckman

By Mail

Citibank, N.A., Agency & Trust Department
111 Wall Street, 15th Floor, Zone 8
New York, New York
Zip Code for Registered and Regular Mail: 10043
Zip Code for Overnight Mail: 10005
Attn: Margie Beckman

Re: pSivida Limited Restricted ADSs

Ladies and Gentlemen:

Reference is hereby made to (i) the Deposit Agreement, dated as of January 24, 2005 (the "Deposit Agreement"), by and among pSivida Limited (the "Company"), Citibank, N.A., as Depositary (the "Depositary"), and all Holders and Beneficial Owners of American Depositary Shares (the "ADSs") evidenced by American Depositary Receipts (the "ADRs") issued thereunder, and (ii) the Instructions Letter Agreement, dated as of August 24, 2005 (the "Letter Agreement"), by and between the Company and the Depositary. Capitalized terms used but not defined herein shall have the meanings given to them in the Letter Agreement or the Deposit Agreement, as applicable.

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This Resale Issuance Certification for Unrestricted ADSs is being provided in connection with our request to the Depository to exchange the Restricted ADR(s) evidencing the Restricted ADSs and enclosed herewith for issuance and delivery of the ADSs to the purchaser identified below.

- A. The undersigned hereby certifies that:
1. the sale of ADSs by me to the purchaser(s) is registered under, and the terms of such sale of ADSs are contemplated and described in, **[describe the effective registration statement]** (the "Registration Statement");
 2. to my knowledge the purchaser of the ADSs was not, at the time of the purchase of such ADSs, and will not be, at the time of the delivery of such ADSs to the purchaser, an Affiliate of the Company or a person acting on behalf of such an Affiliate;
 3. I am a "Selling Stockholder" as provided for, and my contact information and beneficial ownership information are properly identified, in the Registration Statement, and I am engaging in the sale upon the terms, and in compliance with all conditions, described in the Registration Statement;
 4. to my knowledge no stop order suspending the effectiveness of the Registration Statement or any part thereof has been issued (or with respect to any reports incorporated therein by reference, under the Exchange Act) and no proceedings for that purpose have been instituted or are pending or contemplated by the Commission under the Securities Act;
 5. I have made delivery, or will concurrently with the sale to the purchaser, make delivery, to the purchaser(s) of a prospectus in accordance with, and in full compliance with, the applicable requirements under the Securities Act (and the regulations thereunder);
 6. I have not been advised by the Company that the sale by me of the ADSs to the purchaser(s) is restricted by the Company on account of any "black-out" periods as a result of U.S. or Australian regulation or course of practice; and
 7. (a) the Shares represented by the Restricted ADSs currently held by me, and which will be represented by the ADSs upon the issuance thereof to the purchaser(s) are validly issued, fully paid and non-assessable, and free of any preemptive rights, (b) the Shares which will be represented by ADSs upon issuance thereof to the purchaser(s) rank *pari passu*, in all respects, including, without limitation, as to trading, settlement, distributions, liquidation and preemptive rights, to the issued and outstanding Shares, and (c) I am the legal and beneficial owner of the Restricted ADSs surrendered herewith and of the Shares represented thereby and such Restricted ADSs and the Shares are free and clear of any lien, security interest, option or other charge or encumbrance (other than the restrictions set forth in the Deposit Agreement and the Letter Agreement).

B. The undersigned hereby requests that the Depository: (i) accept, for the issuance of Sale ADSs, the surrender of

Restricted ADR(s) Certificate Number(s):

_____ evidencing

Restricted ADSs (CUSIP No.: 74439M J9 9), and

(ii) following (x) confirmation of receipt by the Depository of the surrender of the Restricted ADR(s) provided for in (i) above, and (y) the Company's acknowledgements and representations below, issue and deliver "free" the following number of ADSs:

_____ (CUSIP No.: 74439M 10 7)

to the purchaser at the following address:

1. If ADSs are to be issued and delivered by means of book-entry transfer:

Name of DTC Participant:	
DTC Participant Account No.:	
Account No. for Purchaser at DTC Participant (f/b/o information):	
Onward Delivery instructions to Purchaser:	
Contact person at DTC Participant:	
Daytime Telephone Number of contact person at DTC Participant:	

2. If ADSs are to be issued delivered in the form of an ADR certificate:

Name of Purchaser:	
Street Address:	
City, State, and Country:	
Nationality:	
Social Security or Tax Identification Number:	

C. The undersigned agrees and acknowledges that, prior to the issuance of the ADSs requested in Section B(ii) above, it shall pay to the Depository (by wire transfer to the Depository's account (ABA # 021000089, Citibank New York, Attn.: CitiADR Department, RE: pSivida RADR Issuance, A/C# 3685-9028, all applicable fees of the Depository (as set forth on Exhibit B to the Deposit Agreement), including, without limitation, a cancellation and issuance fee of \$0.04 per Restricted ADS cancelled and ADS issued, payable in connection with the issuance and delivery of the ADSs.

D. The undersigned further agrees and acknowledges that the Company and the Depository will rely upon the truth and accuracy of the foregoing certifications and agrees that if any of the certifications made herein are no longer accurate, it shall promptly notify the Depository.

Very truly yours,

[NAME]
[TITLE]
[DATE]