

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

**FORM 6-K**

REPORT OF FOREIGN ISSUER  
Pursuant to Rule 13a-16 or 15d-16 of  
the Securities Exchange Act of 1934

**For the month of April 2007**

**Commission File Number 000-51122**

**pSivida Limited**

(Translation of registrant's name into English)

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

(Address of principal executive offices)

(Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F).

Form 20-F  Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes  No

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82- \_\_\_\_.

**The documents attached as Exhibit 99.1, Exhibit 99.2, Exhibit 99.3 and Exhibit 99.4 to this Report on Form 6-K are hereby incorporated by reference herein and into the following registration statements: (i) the Registrant's Registration Statement on Form F-3, Registration No. 333-132776; (ii) the Registrant's Registration Statement on Form F-3, Registration No. 333-132777; (iii) the Registrant's Registration Statement on Form F-3, Registration No. 333-135428; (iv) the Registrant's Registration Statement on Form F-3, Registration No. 333-141083; and (v) the Registrant's Registration Statement on Form F-3, Registration No. 333-141091.**

**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant, pSivida Limited, has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: **April 4, 2007**

**PSIVIDA LIMITED**

Date:

By: /s/ Michael J. Soja

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Michael J. Soja  
Vice President, Finance and Chief Financial Officer

**EXHIBIT INDEX**

<b>EXHIBIT 99.1:</b>	<b>Binding Letter of Intent by and between pSivida Limited and Castlerigg Master Investments Ltd.</b>
<b>EXHIBIT 99.2:</b>	<b>Memorandum of Understanding by and between pSivida Limited and Castlerigg Master Investments Ltd.</b>
<b>EXHIBIT 99.3:</b>	<b>Letter Agreement with Castlerigg Master Investments Ltd. re: Extension of Dates in Second Amendment Agreement</b>
<b>EXHIBIT 99.4:</b>	<b>Letter Agreement with Castlerigg Master Investments Ltd. re: Company Optional Redemption Notice</b>

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CASTLERIGG INVESTMENTS

**Binding Letter of Intent Regarding  
Amendment of Existing Convertible Note and Related Agreements  
of pSivida Limited**

**ISSUER:** pSivida Limited ("PSDV" or the "Company")

**INVESTOR:** Castlerigg Master Investments Ltd. (the "Investor")

**AMENDMENT  
OF SECOND  
AMENDMENT  
AGREEMENT**

The Company and the Investor hereby agree to duly execute and deliver such documentation as reasonably necessary to effect the amendment of that certain Second Amendment Agreement (the "**Amendment Agreement**"), dated as of December 29, 2006, by and among the Company and the Investor as follows:

On or before the Closing Date and after the successful signing of definitive agreements related to the Company's contemplated transaction with Pfizer (the "**Pfizer Transaction**") and subject to the conditions set forth in the section labeled "INVESTMENT" below, the Company shall be required to deliver an irrevocable mandatory redemption notice with respect to the full outstanding amount of the Second Amended and Restated Notes (as defined below) issued to the Investor. The redemption date of the Second Amended and Restated Notes will be the later of (i) 60 days after the Closing Date and (ii) June 4, 2007. Immediately upon redemption, Investor shall release its liens and execute such additional documentation as may reasonably be requested by the Company to evidence such release.

On the Closing Date, the Company shall issue to the Investor (i) Series D Warrants exercisable for 4 million ADSs (the "**Series D Warrant Shares**") in the form attached to the Amendment Agreement as Exhibit C, with an exercise price equal to \$2.00, (ii) Series E Warrants, exercisable for 4 million ADSs (the "**Series E Warrant Shares**"), which shall be in the form attached to the Amendment Agreement as Exhibit C in all material respects, other than the exercise price, which shall be amended to equal \$1.57, (iii) Series F Warrants, exercisable for 1 million ADSs (the "**Series F Warrant Shares**"), which shall be in the form attached to the Amendment Agreement as Exhibit C in all material respects, other than the exercise price, which shall be amended to equal \$1.95 and (iv) the Series B Warrants issuable upon the redemption of the Second Amended and Restated Notes, with the exercise price determined as of the Closing Date.

The form of the Second Amended and Restated Notes attached to the Amendment Agreement as Exhibit A (the "**Second Amended and Restated Notes**"), shall be amended to provide that (i) the Company shall deliver any conversion shares issuable upon conversion of the Second Amended and Restated Notes to the Investor in three Trading Days (as defined in the Second Amended and Restated Notes) with buy-in damages payable if such conversion shares are not delivered on or prior to such third (3<sup>rd</sup>) Trading Day and an Event of Default if such conversion shares are not delivered in five (5) Trading Days, and (ii) the Series B Warrants issuable upon redemption of the Second Amended and Restated Notes shall have been issued on the Closing Date, and otherwise consistent with this term sheet.

At the Closing, the Company shall deliver the closing documents set forth in the Amendment Agreement, which shall be amended, as necessary, to include the issuance of the Series B Warrants, the Series E Warrants and the Series F Warrants on the Closing Date.

The Amendment Agreement shall further be amended to remove any references to the Financing Transactions, including, without limitation, the Company's obligation to close such Financing Transactions on or prior to the Closing Date.

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**SANDELL**  **ASSET MANAGEMENT**

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**CASTLERIGG INVESTMENTS**

**REGISTRATION RIGHTS**

The Second Amended and Restated Registration Rights Agreement (as defined in the Amendment Agreement) shall be amended to include the Series E Warrant Shares and the Series F Warrant Shares as Registrable Securities thereunder, and to provide for the inclusion of the Series A, Series B, Series C, Series D, Series E and Series F Warrants on the Additional Registration Statement (as defined in the Second Amended and Restated Registration Rights Agreement).

**LEGAL FEES**

The Company will pay all of Investor's documented legal and due diligence expenses regardless of whether the transaction is consummated.

**FORBEARANCE LETTER**

Promptly upon the execution of this term sheet by the parties hereto, the Investor shall deliver to the Company the forbearance letter in the form attached hereto as Exhibit I.

**STANDSTILL**

The Company agrees that, except: (i) with respect to the \$5 million purchase by Pfizer of the Company's equity securities in connection with the Pfizer Transaction; (ii) the approximately \$7 million financing currently contemplated (the "**Contemplated Financing**"); (iii) in connection with any Approved Stock Plan (as defined in the Second Amended and Restated Notes); (iv) upon conversion of the Notes (as defined in the Second Amended and Restated Notes) or the exercise of the Warrants (as defined in the Second Amended and Restated Notes) or the Series E Warrants and the Series F Warrants issued in connection herewith, (v) upon conversion of any Options (as defined in the Second Amended and Restated Notes) or Convertible Securities (as defined in the Second Amended and Restated Notes) which are outstanding on the day immediately preceding the Subscription Date (as defined in the Second Amended and Restated Notes); provided that the terms of such Options or Convertible Securities are not amended, modified or changed on or after the Subscription Date, (vi) any sale of securities by the Company pursuant to existing participation rights; provided that the terms of such participation rights are not amended, modified or changed on or after the date hereof and (vii) the sale of any securities of AION Diagnostics, from and after the Closing Date, the Company shall not enter into any agreements with respect to the issuance of any ordinary shares or other equity security or securities exercisable or convertible into ordinary shares or other equity security of the Company or any of its Subsidiaries until 30 trading days after the Closing Date, without the prior written consent of the Investor.

**SANDELL**  **ASSET MANAGEMENT**

**CASTLERIGG INVESTMENTS**

**REDEMPTION NOTICE**

Promptly after (i) the signing of definitive agreements related to the Pfizer Transaction, (ii) the Closing of the transactions contemplated by the Second Amendment Agreement, modified as set forth in this term sheet, (iii) the public announcement by the Company of the transactions described in (i) and (ii) above, the Company shall deliver to the Investor a Company Optional Redemption Notice with respect to the full outstanding amount of the Second Amended and Restated Notes computed in accordance therewith. The redemption date of the Second Amended and Restated Notes will be the later of (i) 60 days after the Closing Date and (ii) June 4, 2007.

**DISCLOSURE**

On the first business day following the execution of the primary transaction document with respect to the Contemplated Financing, the Company shall file a Form 6-K describing the terms of the Contemplated Financing in the form required by the 1934 Act (as defined in the Amendment Agreement) and attaching the material transaction documents as exhibits to such submission (such submission including all attachments, the "**6-K Filing**"). From and after the 6-K Filing, no Investor shall be in possession of any material, nonpublic information received from the Company, any of its Subsidiaries or any of its respective officers, directors, employees or agents, that is not disclosed in the Disclosure Filings or in some other public filing or public disclosure.

The Company shall file a Cleansing Statement (as defined under the securities laws of Australia) with respect to any securities issued in connection with the Investor's investment described above in accordance with the timing set out in the primary transaction document with respect to the Contemplated Financing which shall not be later than 24 hours after the announcement of the Contemplated Financing.

**DILIGENCE**

The parties agree to work diligently and in good faith to agree upon and execute definitive documentation necessary to implement the foregoing.

The parties hereby acknowledge, by their signatures below, their mutual agreement to the above terms and conditions. The parties agree to negotiate in good faith the contemplated transaction in an expeditious manner. This term sheet is a binding letter of intent.

***Agreed to and Accepted by:***

**pSivida Limited**

By: /s/ **Michael J. Soja**  
 Name: Michael J. Soja  
 Title: V.P. and CFO

**Castlerigg Master Investments Ltd.**

By: Sandell Asset Management Corp.

By: /s/ **Timothy O'Brien**  
 Name: Timothy O'Brien  
 Title: Chief Financial Officer

Castlerigg Master Investments Ltd.  
40 West 57th St  
26th Floor  
New York, NY 10019

**Exhibit I**

**FORBEARANCE LETTER**

**(See attached)**

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Memorandum of Understanding

On behalf of Sandell Asset Management ("Sandell"), this letter constitutes a commitment to participate in the Contemplated Financing in the amount of \$3 million contingent upon the satisfaction of each of the following conditions:

1. The purchase price of common stock in the Contemplated Financing shall not be greater than AUS\$0.2695;
2. The warrant coverage in the Contemplated Financing<sup>1</sup> will not be less than 50% and warrant exercise price will not be greater than AUS\$0.2695;
3. The Company will have given Sandell the irrevocable Redemption Notice before the announcement of the Binding Letter of Intent executed on April 2, 2007 between the company and Sandell;
4. The Company will make a detailed public announcement regarding the Binding Letter of Intent on or around 6:30 PM EDT April 3, 2007;
5. The Company will make a public announcement regarding the Pfizer Transaction at or around 7:30 PM EST April 3, 2007;
6. Company will make a public announcement of the Contemplated Financing no later than 10:00 PM EST April 4, 2007;
7. Company will file a Cleansing Statement within 24 hours of the announcement of the Contemplated Financing; and
8. The Contemplated Financing will close no later than two business days after the announcement of the same.

This letter also confirms our mutual understanding and agreement that the Company agrees that with immediate effect, it shall deliver any conversion shares issuable upon conversion of the Second Amended and Restated Notes in three trading days, with buy-in damages payable if such conversion shares are not delivered on or prior to such third (3<sup>rd</sup>) trading days and an event of default if such conversions shares are not delivered in five (5) trading days.

As we have discussed, as a result of the Passover Holiday, our counsel will not be available until tomorrow to make sure that the definitive documents reflect the understanding and conditions of this letter.

Castlerigg Master Investments Ltd.  
By: Sandell Asset Management Corp.

By: /s/ **Timothy O'Brien**  
Name: Timothy O'Brien  
Title: Chief Financial Officer  
Date: April 3, 2007

pSvida Limited

By: /s/ **Michael J. Soja**  
Name: Michael J. Soja  
Title: VP, Finance and CFO  
Date: April 3, 2007

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<sup>1</sup> Capitalized terms used herein shall have the meaning ascribed thereto in the Binding Letter of Intent executed between the Company and Sandell on April 2, 2007.

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Castlerigg Master Investments Ltd.  
40 West 57th St  
26th Floor  
New York, NY 10019

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

Re: Extension of Dates in Second Amendment Agreement

Reference is hereby made to that certain Second Amendment Agreement, dated as of December 29, 2006 ("**Agreement**"), by and between pSivida Limited (the "**Company**") and Castlerigg Master Investments Ltd.

Section 2(d) of the Agreement is hereby amended by changing the date in clause (i) thereof from "5:00 p.m. prevailing Boston, Massachusetts time on Saturday, March 31, 2007" to "5:00 p.m. prevailing Boston, Massachusetts time on April 2, 2007". Section 8 of the Agreement is hereby amended by changing the date therein from "April 2, 2007" to "April 7, 2007".

The other terms and conditions in the Agreement shall not be amended hereby and shall remain in full force and effect.

Very truly yours,

**CASTLERIGG MASTER INVESTMENTS LTD.**

By: Sandell Asset Management Corp.

By: /s/ **Timothy O'Brien**  
Name: Timothy O'Brien  
Title: Chief Financial Officer

**Agreed to and Accepted by:**  
**PSIVIDA LIMITED**

By: /s/ **Michael J. Soja**  
Name: Michael J. Soja  
Title: V.P. and CFO

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April 4, 2007

VIA FACSIMILE: 212-603-5710

Castlerigg Master Investments Ltd.  
c/o Sandell Asset Management  
40 West 57<sup>th</sup> Street, 26<sup>th</sup> Floor  
New York, NY 10019

**Re: Company Optional Redemption Notice**

Ladies and Gentlemen:

Reference is hereby made to the Amended and Restated Convertible Note (the "Note"), dated November 16, 2005, by pSivida Limited (the "Company") in favor of Castlerigg Master Investments Ltd. (the "Holder"). Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to such terms in the Note.

Pursuant to its right at any time after the Issuance Date, to redeem all or any portion of the Conversion Amount then remaining under the Note pursuant to Section 10(a) of the Note, the Company hereby notifies the Holder that on June 4, 2007 (the "Company Optional Redemption Date") it will redeem one hundred percent (100%) of the Principal outstanding under the Note as of April 4, 2007 and pay any accrued Interest and Late Charges incurred under the Note between April 5, 2007 and the Company Optional Redemption Date.

On the date hereof, the Company has issued to the Holder, a Series B warrant to purchase 2,341,347 ADRs of the Company.

On the Company Optional Redemption Date, the Company will pay to the Holder the Company Optional Redemption Price in the amount of \$13,654,738.09, representing 108% of the Conversion Amount of \$12,643,276.01, comprised of the following:

- Company Optional Redemption Amount of \$12,476,467.35; and
  - Interest and Late Charges of \$166,808.66.
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Please contact me with any questions that you have regarding this notice.

Very truly yours,

**/s/ Michael J. Soja**

Michael J. Soja

cc: Eleazer Klein, Esq., Schulte Roth & Zabel LLP (Fax: 212-593-5955)  
Citibank, N.A. (Facsimile: 212-825-2029)

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