July 7, 2008

pSivida Corp: BrachySil™ Phase IIb Pancreatic Cancer Trials Commence

Boston, MA. and Perth, Australia (July 7, 2008) – pSivida Corp. (NASDAQ: PSDV, ASX: PVA, FF: PSI), a global drug delivery company is pleased to announce that a Phase IIb clinical trial has commenced with BrachySil™ (P32 BioSilicon™) as a potential new brachytherapy treatment for inoperable pancreatic cancer. The first patient has received treatment at Guy's and St Thomas' NHS Foundation Trust in London. A total of six patients will be entered into this trial at two centers in the UK (Guy's and St Thomas' NHS Foundation Trust, and University Hospital, Birmingham). The study will determine the safety of escalating radiation doses of the BrachySil™ device, with tumor response as a secondary end point.

The results of the recently completed safety study presented earlier this year at the American Society of Clinical Oncology-GI showed that BrachySilTM, in combination with standard chemotherapy (gemcitabine), was well tolerated with no clinically significant adverse events related to the device. Data showed disease control in 82% of patients and an overall median survival of 309 days. BrachySilTM was found to be easily deliverable by endoscopic ultrasound. BrachySilTM is a novel oncology product which comprises a combination of BioSiliconTM, a proprietary porous silicon, and the isotope 32Phosphorus, a proven anti-cancer therapeutic. Pancreatic cancer is the fourth most frequent cause of cancer death, and at least 80% of patients present with inoperable locally advanced or metastatic disease. The median survival for these patients following diagnosis is typically less than six months with standard chemotherapy. Accordingly, there is significant clinical and market demand for more effective therapies.

Dr Paul Ashton, Managing Director of pSivida Corp., said, "We are very pleased to be able to progress BrachySilTM as a potential treatment for this terrible disease as we move one step closer to approval."

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About pSivida Corp.

pSivida is a global drug delivery company committed to the biomedical sector and the development of drug delivery products. Retisert® is FDA approved for the treatment of uveitis. Vitrasert® is FDA approved for the treatment of AIDS-related CMV Retinitis. Bausch & Lomb owns the trademarks Vitrasert® and Retisert®. pSivida has licensed the technologies underlying both of these products to Bausch & Lomb. The technology underlying Medidur™ for diabetic macular edema is licensed to Alimera Sciences in an agreement with [previous and future] payments up to US$78m and is in fully funded and recruited Phase III clinical trials. pSivida has a worldwide collaborative research and license agreement with [previous and future] payments up to US$165m with Pfizer Inc. for other ophthalmic applications of the Medidur™ technology (excluding FA). pSivida owns the right to develop and commercialize a modified form of silicon (porosified or nano-structured silicon) known as BioSilicon™, which ha

applications in drug delivery, wound healing, orthopedics, and tissue engineering. The most advanced BioSilicon™ product, BrachySil™, delivers a therapeutic, P32 directly to solid tumors and is presently in Phase II clinical trials for the treatment of pancreatic cancer.

pSivida's intellectual property portfolio consists of 68 patent families, 118 granted patents, including patents accepted for issuance and 275 patent applications. pSivida conducts its operations from Boston in the United States, Malvern in the United Kingdom and Perth in Australia.

SAFE HARBOR STATEMENTS UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995: SAFE HARBOR STATEMENTS UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995: Various statements made in this release are forward-looking and involve a number of risks and uncertainties. All statements that address activities, events or developments that we intend, expect or believe may occur in the future are forward-looking statements. The following are some of the factors that could cause actual results to differ materially from the forward-looking statements: achievement of milestones and other contingent contractual payment events; failure to prove efficacy for BrachySil; inability to raise capital; continued losses and lack of profitability; inability to develop or obtain regulatory approval for new products; inability to protect intellectual property or infringement of others' intellectual property; inability to obtain partners to develop and market products; termination of license agreements; competition; inability to pay any registration penalties; costs of international business operations; manufacturing problems; insufficient third-party reimbursement for products; failure to retain key personnel; product liability; inability to manage change; failure to comply with laws; failure to achieve and maintain effective internal control over financial reporting; amortization or impairment of intangibles; possible dilution through exercise of outstanding warrants and stock options or future stock issuances; potential restrictions from capital raises; possible influence by Pfizer; and other factors that may be described in our filings with the Securities and Exchange Commission. Given these uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements. We do not undertake to publicly update or revise our forward-looking statements even if experience or future changes make it clear that any projected results expressed or implied in such statements will not be realized.