



UNILIFE MEDICAL SOLUTIONS LIMITED
ABN 14 008 071 403

**Notice of Extraordinary General Meeting and
Explanatory Statement**

**For the Extraordinary General Meeting to be held on 13 November 2009
at 10.00am (AEDT) at The Westin Hotel, Sydney, NSW 2000 Australia**

This is an important document. Please read it carefully.

If you are unable to attend the Extraordinary General Meeting, please complete the proxy enclosed and return it in accordance with the instructions set out on that form.

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TIME AND PLACE OF MEETING AND HOW TO VOTE

Venue

The Extraordinary General Meeting of the shareholders of Unilife Medical Solutions Limited (**Company**) will be held on Friday, **13 November 2009 at 10.00am (AEDT)** at:

**The Westin Hotel
1 Martin Place
Sydney NSW 2000
Australia**

Voting Entitlement

Persons registered as holding Shares at 10.00am (AEDT) on Wednesday, 11 November 2009 (**Record Date**) will be entitled to vote at the Extraordinary General Meeting.

How to Vote

You may vote by attending the meeting in person, by proxy or authorised representative.

Voting in Person

To vote in person, please attend the meeting on the date and at the time and place set out above.

Voting by Proxy

To vote by proxy, please complete and sign the proxy form enclosed with this Notice of Extraordinary General Meeting as soon as possible and either:

- return the proxy form by post to the Company's share registry at:

Computershare Investor Services Pty Limited
Locked Bag 2508 Perth
Western Australia 6001; or
- send the proxy form by facsimile to the Company's share registry on +61 3 9473 2555;
or

- send the proxy form by facsimile to the Company on +61 2 8346 6511.

so that it is received not later than 10.00am (AEDT) on 11 November 2009.

Proxy forms received later than this time will be invalid.

Shareholders should be aware that the Chairman intends to vote all undirected proxies in favour of the resolutions proposed at the Extraordinary General Meeting.

14 October 2009

Dear Shareholder

On behalf of the Board of Directors of Unilife Medical Solutions Limited (ASX: UNI), it is my pleasure to advise you that our Company announced on 7 October 2009 that it had received commitments from sophisticated and professional investors in Australia, and institutional investors in the United States for a A\$32.1 million placement of ordinary shares (**Placement**).

This Placement is being supported by a Share Purchase Plan (**SPP**) which gives eligible shareholders, the opportunity to also acquire shares at the same price of A\$0.85 as offered to participants in the Placement.

Unilife intends to use the proceeds raised from this Placement and the SPP to accelerate the expansion of its operational capabilities, production facilities and equipment requirements in the United States, and complete the industrialisation of the Unilife Ready-to-Fill Syringe which is currently running 12 months ahead of its original schedule.

These proceeds will also be used to fast-track the commercialisation of additional pipeline products which Unilife had been developing more slowly in order to focus its available financial and personnel resources on the development of its initial key products. Unilife will now work to rapidly complete development of these additional products with other interested major pharmaceutical companies with whom the Company is currently in discussions. Furthermore, these proceeds will help ensure the Company has adequate cash reserves leading up to, and following, its proposed redomiciliation in the United States and proposed listing on NASDAQ.

The issue of these additional shares and the placement of options under this Placement are subject to shareholder approval, which will be sought at an Extraordinary General Meeting (**EGM**) that will take place in Sydney on 13 November 2009. Shareholders are entitled to cast their vote on the resolutions relating to this Placement by attending the EGM in person, voting by proxy or by appointing an authorised representative. This Notice of Extraordinary General Meeting and Explanatory Statement document contains further information regarding this matter for your consideration.

Choices and Challenges

As we recognise that this Placement was announced at a time when our share price had reached a 12 month high of A\$1.38, I consider it prudent to explain that the Unilife Board, executive management and our corporate advisers faced a number of choices and challenges in deciding on the size, pricing and timing of this offering. Our overriding goal during these discussions was to raise sufficient capital to fund and accelerate our business expansion projects at a fair price for both shareholders and participating investors that would have the least negative effect on our advancing share price. The options we considered during this review process were a;

- Rights issue to shareholders;
- Small institutional raise now and a larger one after listing on the NASDAQ;
- Small institutional raise now and a larger combination retail and institutional raise after listing on NASDAQ;
- Large raise now without a Share Purchase Plan (SPP); and
- Large raise now with a SPP.

As we debated these choices we were guided by some of the following business priorities and emerging opportunities:

- We have a growing need to meet capital requirements for the long-term commercialisation of the Unilife Ready-to-Fill Syringe to meet the anticipated requirements of our major pharmaceutical partner, and potentially other interested pharmaceutical companies. In particular, capital is required to fund the development of manufacturing equipment and automated assembly systems which will be used to meet anticipated pharmaceutical demand for our product. We expect to commence the supply of the Unilife Ready-to-Fill Syringe to pharmaceutical customers following the completion of the industrialisation program in late-2010, with a ramp plan designed to increase annual production capacities to more than 400 million units per year beyond 2014. With the industrialisation program for the Unilife Ready-to-Fill Syringe currently running one year ahead of its original completion date, we are focused on continuing to achieve our milestones ahead of the scheduled timelines for this commercially significant project. To facilitate this desired outcome, we are required to commit to significant project funding before the end of the 2009 calendar year.
- We need to establish a major new production facility to house these new assembly lines and related production equipment to manufacture the Unilife Ready-to-Fill Syringe, and support other operational projects such as the Unित्रact 1mL Syringes. In addition to supporting the production of these proprietary products, the new facility is also intended to serve as our long-term international headquarters as we emerge as an industry leader in the development of innovative safety medical devices. Prior to this capital raising, we did not have adequate funds available to secure favourable terms for the construction of this new facility.
- After signing the Industrialisation Agreement with our major pharmaceutical partner in June 2009, we have been contacted by many other pharmaceutical companies who have expressed interest in the Unilife Ready-to-Fill Syringe and other products we have in our development pipeline. In order to take advantage of these market opportunities, we require an immediate influx of cash.

It became clear to your Board that having the cash reserves we require to maximise all of the key opportunities which we are pursuing would be the driving force in our decision. We evaluated the overall, immediate and longer term cash requirements of our Company and decided to move ahead with the larger cash raise at this time, rather than to wait and put at risk the timely completion of these operational projects and significant commercial opportunities. To delay or minimise the size of this capital raise also put us at risk of being adversely affected by any major downturn which could occur in the US or global economies next year.

Due to the urgency of some decisions such as the construction of a new facility and the development of additional assembly lines, we chose to undertake an institutional raise over a rights offering to shareholders in order to minimise the time required to close on the principal portion of the capital required. The combination of this institutional Placement with a SPP hence provided an opportunity to shareholders to participate once the primary capital had been received. In addition, the Company believes that a large proportion of the institutional investors we have selected to participate in the Placement will be long term holders, and would not need to liquidate pre-existing holdings to participate in the capital raise. This should therefore have a minimal effect on the current price of the Company's shares. Conversely, we have observed that when a rights issue is the primary source of an offering, the share price is often negatively affected.

Once we had decided on the size and structure of this capital raise, we strove to establish a price which was fair for both investors and current shareholders. At the time, in early September, when we first engaged an Investment Bank to manage the capital raise, our share price was in the low 30 cent to low 40 cent range. By the time we had made a substantial number of presentations and had interested investors within the United States and Australia, our share price had risen to the high 80 cent to low 90 cent range. As more and more investors became interested in our Company and sought to participate in this Placement, our share price continued to rise at an accelerating pace. We thus continued to ask for a higher and higher price from the potential investors interested in participating in the Placement.

By mid-September 2009, we had a large number of interested investors to choose from. We thus sought to establish a firm and fair price for the Placement at this time. The price of A\$0.85 we decided upon was at a significant premium to the VWAP for the previous 30 days. However, once we set this price for the Placement, the Unilife share price continued to rise until we halted trading on 1 October 2009 in order to complete the capital raise. At the time of the trading halt, the Placement price represented a 7.7% discount to the VWAP for the previous 30 days.

Despite the rising share price, we could not go back to the committed investors and ask them to pay more. We did not believe, and still do not believe, that going back and asking for a better price would have yielded any positive result and it would have jeopardised our integrity.

Once the price for the Placement had been settled, the Board wanted to ensure that shareholders would have an opportunity to participate at the same price, and are consequently offering shareholders the right to purchase shares under the SPP. Due to ASIC regulations however, we are not permitted to issue unlisted options under a SPP.

We believe that in determining the timing, size and participation price of this capital raise, we have reached the best possible decision for all parties involved. Furthermore, we believe we have reached an outcome that will accelerate our business expansion plans, significantly de-risk our financial position, enhance our credibility on NASDAQ, increase our bargaining position with other companies seeking to establish relationships with us and give us the greatest level of flexibility for future growth.

Your Participation in this Extraordinary General Meeting

We would urge you to support this decision and vote your shares for each of the resolutions to be proposed at the EGM for the issue of the shares and the related options under the capital raising. If you cannot attend the meeting in person, please complete and return the proxy form enclosed with this Notice of Extraordinary General Meeting as soon as possible to ensure that your vote is counted.

Your Directors unanimously recommend that you vote in favour of all of the resolutions to be proposed at the EGM. The Directors intend to vote all shares owned or controlled by them in favour of these proposals.

If you have any questions about the EGM, please call the Unilife Shareholder Information Line on 1800 632 680 (within Australia) or +61 2 8256 3394 (from outside Australia) or Unilife's share registry, Computershare Investor Services Pty Limited on 1300 729 064 (within Australia) or +61 3 9415 4677.

Yours faithfully



Jim Bosnjak
Chairman

UNILIFE MEDICAL SOLUTIONS LIMITED

ABN 14 008 071 403

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notice is given that an Extraordinary General Meeting of Shareholders of the Company will be held at The Westin Hotel, Sydney, NSW 2000 Australia at 10.00am (AEDT) on 13 November 2009.

The purpose of this meeting is to transact the business referred to in this Notice of Extraordinary General Meeting.

The Explanatory Statement that accompanies and forms part of this Notice of Extraordinary General Meeting provides information in relation to each of the matters to be considered and contains a glossary of defined terms.

This Notice of Extraordinary General Meeting and the accompanying Explanatory Statement should be read in their entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.

The business of the Extraordinary General Meeting is as follows:

Resolution 1 - Approval of proposed share issue - Issue of the Additional Shares under the Placement

To consider, and if thought fit, to pass the following resolution as an ordinary resolution:

“That subject to and conditional on the approval of Resolution 2, for the purposes of ASX Listing Rule 7.1 and for all other purposes, the issue of 16,987,144 fully paid ordinary shares in the capital of the Company at an issue price of A\$0.85 per Share under a private placement to sophisticated and professional investors in Australia and accredited investors in the United States on the terms and conditions set out in the Explanatory Statement be approved.”

Resolution 2 - Approval of proposed issue of options - Issue of the Firm Placement Options under the Placement

To consider, and if thought fit, to pass the following resolution as an ordinary resolution:

“That for the purposes of ASX Listing Rule 7.1 and for all other purposes, the issue of 10,381,032 free unlisted options to acquire fully paid ordinary shares in the Company to the investors who were issued ordinary shares under the private placement on the terms and conditions set out in the Explanatory Statement be approved.”

Resolution 3 - Approval of proposed issue of options - Issue of the Additional Placement Options under the Placement

To consider, and if thought fit, to pass the following resolution as an ordinary resolution:

“That subject to and conditional on the approval of Resolution 1, for the purposes of ASX Listing Rule 7.1 and for all other purposes, the issue of 8,493,572 free unlisted options to acquire fully paid ordinary shares in the Company to the investors who will receive ordinary shares in the private placement provided that Resolution 1 is approved on the terms and conditions set out in the Explanatory Statement be approved.”

Resolution 4 - Approval of proposed issue of options - Issue of options to Brokers

To consider, and if thought fit, to pass the following resolution as an ordinary resolution:

“That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, the issue of up to 3,000,000 free unlisted options to acquire fully paid ordinary shares in the Company to certain brokers as part of their fee arrangements with respect to the private placement and share purchase plan undertaken by the Company on the terms and conditions set out in the Explanatory Statement be approved.”

Resolution 5 - Approval of share issue - Placement of shortfall under Share Purchase Plan

To consider, and if thought fit, to pass the following resolution as an ordinary resolution:

“That for the purposes of ASX Listing Rule 7.1 and for all other purposes, the issue of up to 11,764,705 fully paid ordinary shares in the capital of the Company (representing the shortfall (if any) in subscriptions under the Company's Share Purchase Plan) at an issue price per Share of A\$0.85 to sophisticated and professional investors in Australia on the terms and conditions set out in the Explanatory Statement be approved.”

Resolution 6 - Ratification of share issue - Issue of Firm Shares under the Placement

To consider, and if thought fit, to pass the following resolution as an ordinary resolution:

“That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, the issue of 20,762,065 fully paid ordinary in the capital of the Company shares with an issue price per Share of A\$0.85 under a private placement to sophisticated and professional investors in Australia and accredited investors in the United States on the terms and conditions set out in the Explanatory Statement be approved.”

DATED THIS 14th DAY OF OCTOBER 2009

BY ORDER OF THE BOARD



Jim Bosnjak
Chairman

NOTES:

1. A Shareholder entitled to attend and vote at the Meeting is entitled to appoint not more than two proxies to attend such meeting and vote on behalf of the Shareholder. Where more than one proxy is appointed, each proxy may be appointed to represent a specified proportion or number of the Shareholder's votes. If the Shareholder appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half of the Shareholder's votes. Fractions of votes will be disregarded.
2. A proxy need not be a Shareholder of the Company.
3. A proxy form must be signed by a Shareholder (or its attorney) and does not need to be witnessed. If the Shareholder is a corporation, the proxy form must be executed in accordance with that corporation's constitution or by a duly authorised attorney. If a Share is held jointly, a proxy form should be signed by all of the joint holders.
4. A proxy may decide whether to vote on a resolution, except where the proxy is required by law or the Company's Constitution to vote or abstain from voting, in their capacity as proxy. If a proxy is directed how to vote on a resolution, the proxy may vote on that item only in accordance with that direction, unless the Chairman is appointed as proxy in which case the Chairman must vote as directed on a poll. If the proxy is not directed how to vote on an item of business, the proxy may vote as he or she thinks fit. If a Shareholder appoints two proxies and the appointments specify different ways to vote on a resolution, neither may vote on a show of hands. If a Shareholder marks the Abstain box on the proxy form for a particular resolution, the proxy is directed not to vote on the Shareholder's behalf on a show of hands or on a poll and the Shareholder's votes will not be counted in computing the required majority on a poll.
5. Where a voting exclusion applies, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the proxy form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.
6. A Shareholder may revoke his or her proxy by (1) filing with the Company, at or before the taking of the vote at the Meeting, a written notice of revocation or a duly executed proxy form appointing a new proxy, in either case dated later than the prior proxy form relating to the same Shares, or (2) attending the Meeting and voting in person. Any written notice of revocation must be received by the Company prior to the taking of the vote at the Meeting. Such written notice of revocation or subsequent proxy form should be delivered to the Company's share registry.
7. The Record Date for determining the identity of those entitled to attend and vote at the Extraordinary General Meeting is 10.00am (AEDT) on 11 November 2009.

ENQUIRIES

Shareholders are invited to contact the Unilife Shareholder Information Line on 1800 632 680 (within Australia) or +61 2 8256 3394 (from outside Australia) if they have any queries in respect of the matters set out in these documents.

Explanatory Statement

This Explanatory Statement has been prepared for the information of Shareholders in connection with the Extraordinary General Meeting to be held at The Westin Hotel, Sydney NSW, 2000 Australia on 13 November 2009 commencing at 10.00am AEDT.

This Explanatory Statement should be read in conjunction with the accompanying Notice of Extraordinary General Meeting. A glossary of defined terms is contained at the end of this Explanatory Statement.

The Directors unanimously recommend that Shareholders vote in favour of all of the resolutions proposed at the Extraordinary General Meeting.

Introduction

On 7 October 2009, the Company announced that it had received commitments for a private placement of 37,749,209 ordinary shares (**Placement Shares**) at an issue price of A\$0.85 per share and 18,874,604 free attaching unlisted options (**Placement Options**) to sophisticated and professional investors in Australia and accredited investors in the United States to raise A\$32.1 million (**Placement**).

The Placement Shares comprise:

- 20,762,065 ordinary shares, allowed to be issued under the Company's 15% placement capacity under ASX Listing Rule 7.1 (**Firm Shares**); and
- an additional 16,987,144 ordinary shares which are subject to shareholder approval (**Additional Shares**).

Under the terms of the Placement, subject to Shareholder approval being obtained for their issue, each investor will be granted two Placement Options (a Tranche 1 option and a Tranche 2 option) for every four Placement Shares allotted under the Placement. The Placement Options comprise the Firm Placement Options being those options attaching to the Firm Shares and the Additional Placement Options being those options attaching to the Additional Shares.

Each Placement Option will entitle the holder to subscribe for one fully paid ordinary share in the Company and will be issued for nil consideration. All of the Placement Options will be exercisable from the date of grant until the third anniversary of the date of grant and will have an exercise price of A\$1.25 for Tranche 1 options and an exercise price of A\$2.00 for Tranche 2 options.

In conjunction with the Placement, the Company is also offering Shareholders an opportunity to subscribe for additional shares under a Share Purchase Plan (**SPP**) to raise up to A\$10 million (or such greater amount as the Directors determine, subject to the limit in the ASX Listing Rules). To the extent that less than A\$10 million is raised under the SPP, Unilife has appointed YBR Securities Pty Limited to place the shortfall with sophisticated and professional investors.

The Company intends to use the proceeds raised to accelerate the expansion of its operational capabilities, production facilities and equipment requirements in the United States, and the continued industrialisation of the Unilife Ready-to-Fill Syringe whose targeted delivery date has been moved forward by one year from the original projected date. These proceeds will also be

used to fast-track the commercialisation of additional pipeline products which the Company may develop with interested pharmaceutical companies, and ensure the Company has adequate cash reserves leading up to, and following its proposed redomiciliation in the United States and proposed listing on NASDAQ

As set out in the Notice of Extraordinary General Meeting and further described below, the Company is now seeking certain required approvals from Shareholders in connection with the Placement and SPP.

Resolutions

1. Resolution 1 - Approval of proposed share issue - Issue of Additional Shares under the Placement

ASX Listing Rule 7.1 provides that, unless an exemption applies, the Company must not issue or agree to issue securities if such issue, when aggregated with the securities issued by the Company during the previous 12 months, would exceed 15% of the issued securities at the commencement of that 12 month period, without approval of the Shareholders.

Shareholder approval is now being sought under ASX Listing Rule 7.1 for the issue of the Additional Shares under the Placement as these Shares together with the Firm Shares would represent more than 15% of the Company's issued share capital.

In accordance with ASX Listing Rule 7.3, in addition to the information set out above, the following information is provided in relation to Resolution 1:

- the total number of Additional Shares to be granted by the Company under the Placement is 16,987,144;
- the issue price of each Additional Share is A\$0.85;
- the issue of the Additional Shares will be made to sophisticated and professional investors in Australia and accredited investors in the United States nominated by the Board;
- the Additional Shares will be issued on the same terms and conditions as the Company's existing Shares at the date of allotment; and
- the Additional Shares are expected to be issued and allotted on the third business day after the date of the Extraordinary General Meeting (but in any event will be issued no later than three months after the Extraordinary General Meeting).

Voting Exclusion

The Company will disregard any votes cast on this Resolution by:

- (a) investors under the Placement and any person who might obtain a benefit if the resolution is passed (except a benefit solely in the capacity of a holder of Shares); and
- (b) an Associate of the persons noted in paragraph (a).

However, the Company will not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

2. Resolution 2 - Approval of proposed issue of options - Issue of the Firm Placement Options under the Placement

ASX Listing Rule 7.1 provides that, unless an exemption applies, the Company must not issue or agree to issue securities if such issue, when aggregated with the securities issued by the Company during the previous 12 months, would exceed 15% of the issued securities at the commencement of that 12 month period, without approval of the Shareholders.

Under the Placement, investors subscribed for the Firm Shares on the basis that the Firm Placement Options would attach to those Shares. The Firm Shares were issued to investors under the Placement on 8 October 2009. However, as the issue of the Firm Placement Options together with the issue of the Firm Shares would represent more than 15% of the Company's issued Share capital, approval for the issue of these options is required from Shareholders.

Accordingly, Shareholder approval is now being sought under ASX Listing Rule 7.1 for the issue of the Firm Placement Options under the Placement as these options together with the issue of the Firm Shares, the Additional Shares and the Additional Placement Options would represent more than 15% of the Company's issued share capital.

In accordance with ASX Listing Rule 7.3, in addition to the information set out above, the following information is provided in relation to Resolution 2:

- the total number of Firm Placement Options to be granted by the Company under the Placement is 10,381,032;
- the Firm Placement Options will be issued for nil consideration to the investors who participated in the Placement;

- for every four Firm Shares allotted under the Placement, investors will receive two free unlisted options (a Tranche 1 option and a Tranche 2 option). Each Firm Placement Option will entitle the holder to subscribe for a fully paid ordinary share in the Company;
- the exercise price of the Firm Placement Options is:
 - a. Tranche 1: A\$1.25
 - b. Tranche 2: A\$2.00
- the exercise price for the Firm Placement Options will be payable in full on exercise of the Firm Placement Option;
- the Firm Placement Options will be exercisable at any time from the date of grant until the third anniversary of the date of grant;
- the Shares issued on exercise of the Firm Placement Options will be issued on the same terms and conditions as the Company's existing Shares at the date of allotment;
- further details of the terms of the Firm Placement Options are set out in Annexure A; and
- the Firm Placement Options are expected to be issued and allotted on the third business day after the date of the Extraordinary General Meeting (but in any event will be issued no later than three months after the Extraordinary General Meeting).

Voting Exclusion

The Company will disregard any votes cast on this Resolution by:

- (a) investors under the Placement and any person who might obtain a benefit if the resolution is passed (except a benefit solely in the capacity of a holder of Shares); and
- (b) an Associate of the persons noted in paragraph (a).

However, the Company will not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

3. Resolution 3 - Approval of proposed issue of options - Issue of the Additional Placement Options under the Placement

ASX Listing Rule 7.1 provides that, unless an exemption applies, the Company must not issue or agree to issue securities if such issue, when aggregated with the securities issued by the Company during the previous 12 months, would exceed 15% of the issued securities at the commencement of that 12 month period, without approval of the Shareholders.

Conditional upon the approval of the issue of the Additional Shares pursuant to Resolution 1, Shareholder approval is now being sought under ASX Listing Rule 7.1 for the issue of the Additional Placement Options under the Placement as these options together with the issue of the Firm Shares, the Additional Shares and the Firm Placement Options would represent more than 15% of the Company's issued share capital.

In accordance with ASX Listing Rule 7.3, in addition to the information set out above, the following information is provided in relation to Resolution 3:

- the total number of Additional Placement Options to be granted by the Company under the Placement is 8,493,572;
- the Additional Placement Options will be issued for nil consideration to the investors who participated in the Placement;
- for every four Additional Shares allotted under the Placement, investors will receive two free unlisted options (a Tranche 1 option and a Tranche 2 option). Each Additional Placement Option will entitle the holder to subscribe for a fully paid ordinary share in the Company;
- the exercise price of the Additional Placement Options is:
 - a. Tranche 1: A\$1.25
 - b. Tranche 2: A\$2.00;
- the exercise price for the Additional Placement Options will be payable in full on exercise of the Additional Placement Option;
- the Additional Placement Options will be exercisable at any time from the date of grant until the third anniversary of the date of grant;
- further details of the terms of the Additional Placement Options are set out in Annexure A;
- the Shares issued on exercise of the Additional Placement Options will be issued on the same terms and conditions as the Company's existing Shares at the date of allotment; and
- the Additional Placement Options are expected to be issued and allotted on the third business day after the date of the Extraordinary General Meeting (but in any event will be issued no later than three months after the Extraordinary General Meeting).

Voting Exclusion

The Company will disregard any votes cast on this Resolution by:

- (a) investors under the Placement and any person who might obtain a benefit if the resolution is passed (except a benefit solely in the capacity of a holder of Shares); and
- (b) an Associate of the persons noted in paragraph (a).

However, the Company will not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

This Resolution will only be considered by Shareholders if Resolution 1 is approved.

4. Resolution 4 - Approval of proposed issue of options - Issue of options to Brokers

ASX Listing Rule 7.1 provides that, unless an exemption applies, the Company must not issue or agree to issue securities if such issue, when aggregated with the securities issued by the Company during the previous 12 months, would exceed 15% of the issued securities at the commencement of that 12 month period, without approval of the Shareholders.

Shareholder approval is now being sought under ASX Listing Rule 7.1 for the issue of up to 3,000,000 options to certain brokers (**Broker Options**) as part of their commission arrangements with respect to the Placement and SPP, as these options together with the issue of the Placement Options, Firm Shares and Additional Shares would represent more than 15% of the Company's issued share capital.

In accordance with ASX Listing Rule 7.3, in addition to the information set out above, the following information is provided in relation to Resolution 4:

- the maximum number of Broker Options to be granted by the Company is 3,000,000;
- the Broker Options will be issued for nil consideration to certain sophisticated and professional brokers in Australia and the United States as part of their commission arrangements with respect to the Placement and the SPP;
- each Broker Option will entitle the holder to subscribe for a fully paid ordinary share in the Company;
- the exercise price of the Broker Options is A\$0.85:

- the exercise price for the Broker Options will be payable in full on exercise of the Broker Option;
- the Broker Options will be exercisable at any time from the date of grant until the third anniversary of the date of grant;
- the terms of the Broker Options are the same as those set out in Annexure A, except that only one Tranche of Broker Options will be issued with an exercise price of A\$0.85;
- the Shares issued on exercise of the Broker Options will be issued on the same terms and conditions as the Company's existing Shares at the date of allotment; and
- the Broker Options are expected to be issued and allotted on the third business day after the allotment of Shares under the Placement and the SPP (but in any event will be issued no later than three months after the Extraordinary General Meeting).

Voting Exclusion

The Company will disregard any votes cast on this Resolution by:

- (a) the brokers who are entitled to receive Broker Options under the proposed issue and any person who might obtain a benefit if the resolution is passed (except a benefit solely in the capacity of a holder of Shares); and
- (b) an Associate of the persons noted in paragraph (a).

However, the Company will not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

5. Resolution 5 - Approval of share issue - Placement of shortfall under the Share Purchase Plan

ASX Listing Rule 7.1 provides that, unless an exemption applies, the Company must not issue or agree to issue securities if such issue, when aggregated with the securities issued by the Company during the previous 12 months, would exceed 15% of the issued securities at the commencement of that 12 month period, without approval of the Shareholders.

As noted above, the Company is offering Shares to Eligible Shareholders of the Company under a Share Purchase Plan to raise up to A\$10 million. To the extent that valid applications are received for less than A\$10 million under the SPP, the Company has appointed YBR Securities Pty Limited to place any shortfall (**SPP Shortfall**) with sophisticated and professional investors. Accordingly, Shareholder approval is now being sought under ASX Listing Rule 7.1 for the issue of up to 11,764,705 Shares (**Shortfall Shares**) comprising the SPP Shortfall (if any) to sophisticated and professional investors in Australia as these Shares together with the Firm Shares, Additional Shares and Placement Options would represent more than 15% of the Company's issued share capital.

In accordance with ASX Listing Rule 7.3, in addition to the information set out above, the following information is provided in relation to Resolution 5:

- the total number of Shortfall Shares to be issued by the Company is up to 11,764,705;
- the issue price of each Shortfall Share is A\$0.85;
- the issue of the Shortfall Shares will be made to sophisticated and professional investors in Australia nominated by YBR Securities Pty Limited;
- the Shares will be issued on the same terms and conditions as the Company's existing Shares at the date of allotment; and
- the Shares are expected to be issued and allotted on the third business day after the date of the Extraordinary General Meeting (but in any event will be issued no later than three months after the Extraordinary General Meeting).

Voting Exclusion

The Company will disregard any votes cast on this Resolution by:

- (a) investors entitled to participate in the SPP Shortfall and any person who might obtain a benefit if the resolution is passed (except a benefit solely in the capacity of a holder of Shares); and
- (b) an Associate of the persons noted in paragraph (a).

However, the Company will not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

6. Resolution 6 - Ratification of share issue - Issue of Firm Shares under the Placement

ASX Listing Rule 7.1 provides that, unless an exemption applies, the Company must not issue or agree to issue securities if such issue, when aggregated with the securities issued by the Company during the previous 12 months, would exceed 15% of the issued securities at the commencement of that 12 month period, without approval of the Shareholders.

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1. This rule provides that where a company in general meeting ratifies a previous issue of securities (made without shareholder approval under ASX Listing Rule 7.1), those securities will be excluded from the calculation of the number of securities that can be issued by the Company in any 12 month period within the 15% limit set out in ASX Listing Rule 7.1.

Shareholder approval is now being sought under ASX Listing Rule 7.4 to ratify the issue of the Firm Shares under the Placement to professional and sophisticated investors in Australia and accredited investors in the United States which were issued on or around 8 October 2009.

In accordance with ASX Listing Rule 7.5, in addition to the information set out above, the following information is provided in relation to Resolution 6:

- the total number of Firm Shares issued by the Company under the Placement was 20,762,065;
- the issue price of each Firm Share was A\$0.85;
- the issue of the Firm Shares was made to professional and sophisticated investors in Australia and accredited investors in the United States nominated by the Board; and
- the Firm Shares were issued on the same terms and conditions as the Company's existing Shares at the date of their allotment.

If this Resolution is not approved, this will not impact on the validity of the issue of the Firm Shares under the Placement but will limit the Company's ability to issue Shares, for example, for the purposes of capital raising, in the next 12 months.

Voting Exclusion

The Company will disregard any votes cast on this Resolution by:

- (a) investors under the Placement and any person who might obtain a benefit if the resolution is passed (except a benefit solely in the capacity of a holder of Shares); and
- (b) an Associate of the persons noted in paragraph (a).

However, the Company will not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Glossary

Additional Placement Options means the free attaching options over Shares which attach to the Additional Shares under the Placement on the terms described in this Notice of Extraordinary General Meeting.

Additional Shares means the second tranche of Placement Shares which will be issued to investors subject to approval of the Company's shareholders.

AEDT means Australian Eastern Daylight Time.

Associate means that term as defined in section 12 of the Corporations Act.

ASX means the ASX Limited (ABN 98 008 624 691) or the market it operates as the context requires.

Board means the board of directors of the Company from time to time.

Broker Options means the options to be issued to certain brokers engaged by the Company to procure subscriptions for Shares under the Placement and the SPP Shortfall as part of their commission arrangements.

Company means Unilife Medical Solutions Limited (ABN 14 008 071 403).

Corporations Act means the Corporations Act 2001 (Cth).

Eligible Shareholders means those persons who are registered Shareholders as at the record date for the SPP, being 9 October 2009 who have a registered address in Australia and New Zealand.

Extraordinary General Meeting means the proposed meeting of Shareholders at The Westin Hotel, Sydney NSW 2000 Australia on 13 November commencing at 10.00am AEDT.

Directors means the directors of the Company from time to time.

Firm Placement Options means the free attaching options over Shares which attach to the Firm Shares under the Placement on the terms described in this Notice of Extraordinary General Meeting.

Firm Shares means the initial allocation of Placement Shares which were issued without Shareholder Approval under the Company's 15% placement capacity under ASX Listing Rule 7.1.

Listing Rules means the ASX Listing Rules.

Placement means the private placement of 37,749,209 Shares to professional and institutional investors in Australia and accredited investors in the United States to raise A\$32.1 million.

Placement Options means the Firm Placement Options and the Additional Placement Options.

Placement Shares means the Shares issued pursuant to the Placement.

Shareholder means persons who are registered in the Share Register as a holder of Shares.

Share Register means the register of Shareholders maintained in accordance with the Corporations Act.

Shares means fully paid ordinary shares in the Company.

Share Purchase Plan or **SPP** means the offer made by the Company to Eligible Shareholders to subscribe for Shares under a share purchase plan to raise up to A\$10 million (or such greater amount as the Directors shall determine).

SPP Shortfall means the number of Shares not taken up by Eligible Shareholders of the Company under the SPP that will be offered by way of private placement to sophisticated and professional investors in Australia

Shortfall Shares means up to 11,764,705 Shares comprising the SPP Shortfall.

Annexure A

TERMS AND CONDITIONS OF THE PLACEMENT OPTIONS

1. The Placement Options shall be issued for nil cash consideration. Each Placement Option entitles the holder to subscribe for one fully paid ordinary share (**Share**) in Unilife Medical Solutions Limited (**Company**). The Placement Options granted to each subscriber under the Placement shall be issued in two equal tranches as follows:
 - 1.1 Tranche 1: the exercise price for each Placement Option is A\$1.25
 - 1.2 Tranche 2: the exercise price for each Placement Option is A\$2.00

The exercise price for any Placement Option shall be payable in full on exercise of the Placement Option.
2. The Placement Options shall be exercisable at any time from the date of grant until the third anniversary of the date of grant (**Exercise Period**).
3. If the Placement Option is not exercised on or prior to the expiry of the Exercise Period, the Placement Option will automatically lapse.
4. A certificate shall be issued for the Placement Options. Each certificate will bear a legend stating that it and the Underlying Shares have not been registered under the US Securities Act and that such option may not be exercised by or on behalf of any US person unless registered under the US Securities Act or if an exemption from registration is available and (ii) upon exercise of such option, the Optionholder will be required to give a written certification that he/she is outside the US and that he/she is not a US person and that the Placement Option is not being exercised on behalf of a US person.
5. Placement Options shall be exercisable by notice in writing to the registered office of the Company accompanied by the holder's option certificate. The notice must state the number of Placement Options being exercised (in multiples of 20,000 or where the number of Placement Options held is less than 20,000 such lesser amount). If the notice does not state the number of Placement Options being exercised, the notice shall be void and the Company shall request the Optionholder to provide a further notice.
6. The Optionholder shall either:
 - (a) include with the notice to the Company referred to in clause 5, a cheque payable to the Company; or
 - (b) at the time of issuing the notice to the Company referred to in clause 5, arrange for an electronic funds transfer directly into an account nominated by the Company,

for the total exercise price of the Placement Options being exercised.
7. Upon receipt of a valid notice in accordance with clause 5 and subject to the Company receiving cleared funds from the Optionholder in accordance with clause 6, the Company must issue the requisite number of Shares in the name of the Optionholder and update its share register to record the Optionholder as the holder of that number of Shares equal to the number of Placement Options exercised within five (5) business days of the exercise of the Placement Option.

9. Shares issued pursuant to an exercise of Placement Options shall rank equally in all respects with existing Shares of the Company from the date of allotment,
10. An Optionholder may not sell, transfer, assign, give or otherwise dispose of, in equity or in law, the benefit of some or all of the Placement Options without the prior written consent of the Board.
11. If Shares of the class are quoted, the Company shall, in accordance with ASX Listing Rule 2.8, make application to have Shares issued pursuant to an exercise of Placement Options listed for official quotation.
12. If Placement Options are exercised before the record date of an entitlement, Optionholders can participate in a pro rata issue to the holders of Shares in the Company.
13. Optionholders do not have any right to participate in new issues of securities by the Company without exercising Placement Options.
14. In accordance with the ASX Listing Rules, in the event of any reorganisation of capital of the Company, the rights of the Optionholder will be changed to the extent necessary to comply with the ASX Listing Rules applying to a reorganisation of capital at the time of the reorganisation.
15. The Placement Options will not give any right to participate in dividends until Shares are allotted pursuant to the exercise of the relevant Placement Options.
16. In the event that an issue of Shares is made to the holders of securities in the Company (excluding a bonus issue), the exercise price of the Placement Options will be reduced in accordance with ASX Listing Rule 6.22.
17. The number of Shares to be issued pursuant to the exercise of Placement Options will be adjusted for bonus issues made prior to exercise of Placement Options. The effect will be that upon exercise of the Placement Options, the number of Shares received by the Optionholder will be increased by the number of bonus Shares that would have been issued to such holder if the Placement Options had been exercised prior to the record date for the bonus issue. The exercise price of the Placement Options will not change as a result of any such bonus issue.
18. If there has been a Change in Ownership or the Board concludes that the replacement of the majority of the Board is imminent, the Board must resolve to notify the Optionholder that all Placement Options may be exercised prior to 5pm (Sydney time) on the 90th day after the date of the notice (or by such earlier date as the Board determines).
19. Subject always to clause 20 below, a 'Change in Ownership' shall occur if:
 - (a) a person acquires a relevant interest (within the meaning of section 608 of the Corporations Act 2001) in more than fifty per cent (50%) of the Shares in the Company as a result of a takeover bid;
 - (b) a person acquires a relevant interest (within the meaning of section 608 of the Corporations Act 2001) in more than fifty per cent (50%) of the Shares in the Company as a result of a scheme of arrangement;
 - (c) through the acquisition of Shares in the Company a person is able to determine the majority composition of the Board; or

- (d) any other event (including, but not limited to, a merger of the Company with another company) which the Board determines, in its absolute discretion, to be a Change in ownership.

20. A 'Change in Ownership' does not include, unless otherwise determined by the Board, either an internal restructure of the Company's group or a transaction whereby the Company's group is redomiciled by imposing a new parent company of the Company's group (including where such transaction is effected by a scheme of arrangement under the Corporations Act 2001 (Cth)). This exception to a 'Change in Ownership' includes a scheme of arrangement pursuant to which:

- (a) a subsidiary of the Company will become the new parent company of the Company; or
- (b) the shareholders of the Company on the record date of the scheme of arrangement will be entitled to be issued shares equal to at least fifty per cent (50%) of the issued ordinary share capital of the new parent company of the Company on the implementation date of the scheme of arrangement.