

Manager of Company Announcements
ASX Limited
20 Bridge Street
SYDNEY NSW 2000

7 October 2009
By e-lodgement

UNILIFE ANNOUNCES A\$42.1 MILLION CAPITAL RAISING TO STRENGTHEN AND ACCELERATE GLOBAL BUSINESS EXPANSION STRATEGY

*Placement of A\$32.1 million to accredited investors in the US
and sophisticated and professional investors in Australia*

*Further offer to existing shareholders of A\$10 million
under a Share Purchase Plan*

Unilife Medical Solutions Limited (**Unilife** or the **Company**) (ASX: UNI / OTCPK: UNIFF) today announced that it has been successful in obtaining commitments for a capital raising of A\$32.1 million (the **Placement**).

Unilife intends to use the proceeds raised from this Placement and a Share Purchase Plan (**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.

Unilife has received significant interest in recent months from US and Australian investors, as well as other industry stakeholders, regarding its intention to redomicile the Unilife Group in the United States, list on NASDAQ and complete the full commercialization of an expanding portfolio of proprietary safety syringe products targeted for use within pharmaceutical and healthcare markets. The Board of Directors of Unilife have determined it is in the best interests of shareholders to act upon this strong interest prior to its anticipated NASDAQ listing to ensure the Company has sufficient cash reserves to support and accelerate significant business expansion activities which it expects to undertake within the United States.

Existing eligible Unilife shareholders will have the right to purchase up to A\$15,000 of fully paid ordinary shares under a SPP at the same price of A\$0.85 at which accredited US investors and Australian sophisticated and professional investors have committed to the Company under the Placement. YBR Securities Pty Limited has been appointed to place any shortfall that may occur under the SPP up to A\$10 million. This offered price of A\$0.85 represents a 7.7% discount from the Volume Weighted Average Price (VWAP) of Unilife shares traded during the last 30 days.

Placement

Unilife has 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 options (**Placement Options**) to sophisticated and professional investors in Australia, and accredited investors in the United States of America to raise A\$32.1 million.

The Placement Shares that have been subscribed for under the Placement comprise:

- 20,762,065 ordinary shares which are available to be issued under Unilife's 15% placement capacity under ASX Listing Rule 7.1 (**Firm Shares**) which will be issued on or around 8 October 2009; and
- an additional 16,987,144 ordinary shares which are in excess of Unilife's 15% placement capacity under ASX Listing Rule 7.1 and which will be issued subject to shareholder approval (**Additional Shares**).

Under the terms of the Placement, each investor will receive two unlisted Placement Options (a tranche 1 option and a tranche 2 option) for every four Placement Shares subscribed for under the Placement. Each Placement Option will entitle the holder to acquire 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 the tranche 1 options and A\$2.00 for the tranche 2 options.

In conjunction with the Placement, Unilife has also agreed to issue up to 3 million unlisted options to certain advisers and brokers as part of their fee arrangements with respect to the Placement and Share Purchase Plan described below (**Broker Options**). The options will each entitle the holder to acquire one fully paid ordinary share in the Company, and 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\$0.85.

The issue of the Additional Shares, the Placement Options and the Broker Options will be subject to shareholder approval, which will be sought at an Extraordinary General Meeting (**EGM**) of Unilife that is presently scheduled to take place on 13 November 2009.

Share Purchase Plan

Unilife is also pleased to announce the terms of an offer to eligible shareholders of the Company under a Share Purchase Plan (**SPP**) to raise A\$10 million (or such greater amount as the directors determine subject to the limits in the ASX Listing Rules).

The SPP will provide eligible shareholders of Unilife with an opportunity to purchase shares in the Company without incurring brokerage or other transaction costs and at the same issue price as the Placement.

Under the SPP, each Unilife shareholder with a registered address in Australia and New Zealand who holds shares at the record date of 9 October 2009 will be entitled to acquire up to A\$15,000 worth of new fully paid ordinary shares in the Company (**SPP Shares**) which will rank equally in all respects with the existing fully paid ordinary shares. The SPP Shares will be offered at an issue price of A\$0.85 per share. ASIC regulations do not permit the Company to issue unlisted options under a SPP.

If subscriptions under the SPP exceed A\$10 million, the Company may scale back the number of SPP Shares issued to each applicant. If applications are scaled back, any excess application monies will be refunded without interest. However, the Board retains the discretion to issue additional SPP Shares to satisfy all or part of such applications in excess of A\$10 million, subject to a maximum number of SPP Shares to be issued being equal to 30% of the issued share capital of the Company at the date of issue (which is the limit imposed by the ASX Listing Rules).

In the event that less than A\$10 million is raised under the SPP, YBR Securities Pty Limited has been appointed as placement agent to place any shortfall in subscriptions from shareholders under the SPP. Based on the level of support received from professional and sophisticated investors for the offer to date, YBR Securities Pty Limited has indicated to Unilife that it is confident of being able to place the full amount of any shortfall that may arise under the SPP, at the offer price of A\$0.85 per share.

Shareholder approval is not required for the issue of Shares to shareholders under the SPP. However, shareholder approval will be sought at the EGM, presently scheduled to take place on 13 November 2009, for the placement of any shortfall under the SPP as described above.

The SPP documentation will be posted to eligible shareholders on or around 14 October 2009 together with an Application Form. Shareholders will need to complete and return the Application Form by 30 October 2009 in order to take up shares under the SPP. Shareholders should consider all of the SPP documentation, including the SPP Terms and Conditions, before deciding whether to participate in the offer.

Important Dates

Record date for determining entitlements under SPP	5.00pm (Sydney time) on 9 October 2009
SPP documents despatched to eligible Unilife shareholders	14 October 2009
SPP offer opens	14 October 2009
SPP offer closes	5.00pm (Sydney time) on 30 October 2009
SPP Shares allotted	12 November 2009
Despatch of holding statements to shareholders	16 November 2009

The dates in the table above are indicative only and Unilife may amend this timetable. Unilife may also withdraw the offer of new shares under the SPP at any time before the allotment date in its absolute discretion.

Comments from Unilife CEO Mr Alan Shortall

“Recent Unilife announcements regarding the commercialisation of our proprietary safety syringe products for pharmaceutical customers and other healthcare industry leaders and our proposed redomiciliation of our Company to the US and listing on NASDAQ has generated significant levels of investor interest. The Board considers it beneficial to raise additional capital at this time to take advantage of the rising market and the strength of the Australian dollar so that we are in a strong financial position with adequate cash reserves to facilitate significant business expansion activities that will consolidate and enhance our status as a US-based industry leader of innovative safety medical devices.

“At the commercial level, the Board believes that the improvement of our capital position and available cash reserves should make us a stronger candidate to secure institutional support in the open market, particularly after the NASDAQ listing, and help us withstand any future potential downturn that may occur in the global economy. At the operational level, we intend to utilize our stronger cash position to help complete the industrialisation, production and supply of our Unilife Ready-to-Fill Syringe and Unitract 1mL Syringes to pharmaceutical customers and other healthcare industry leaders. Anticipated pharmaceutical demand for the Unilife Ready-to-Fill Syringe will, in particular, require us to finance a number of operational matters including the purchase of additional manufacturing equipment and the development of a new production facility within Pennsylvania.

“If we are to meet the accelerated target dates for delivery of these products, we must make financial commitments and expend the funds for the new equipment and plant facilities in the very near future and therefore the Board considered it prudent to move the capital raise forward to now, from the original concept of mid-2010 after the NASDAQ listing. In addition, we consider that having a strong Balance Sheet with solid cash reserves will help Unilife management negotiate new agreements with major pharmaceutical companies from a position of strength.

Unilife Medical Solutions Limited

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“The capital raising should also help to fast-track the commercialization of additional pipeline products that we are in the process of developing but which have moved more slowly while we focused our available financial and personnel resources on our primary products. A number of these new products may have significant commercial potential, and we will now be able to bring them to market at a faster pace. We believe this capital raise will be sufficient to finance our needs well into the foreseeable future. By completing a significant capital raising at this time, management will now be able to focus their efforts on building Unilife’s business rather than in a time consuming search for capital.

“We are pleased with the strong level of interest that we have received in recent months from sophisticated and professional investors within the US and Australia. As such, we are in the enviable position where we have been able to select investors to participate in the private placement that we believe best share our long-term interests. We appreciate the participation of YBR Securities Pty Limited, Inteq Limited, CCZ Statton Equities Pty Limited and their clients who participated in the Placement, and YBR’s willingness to place any shortfall under the SPP. We consider that this is a positive sign that our Company is gaining recognition for its success in growing our business, establishing strong relationships with pharmaceutical leaders, and delivering upon key business milestones.

“I am pleased to report that Unilife's Board Chairman, a number of other eligible Directors and senior management and I will be participating fully in the Shareholder Purchase Plan. I hope that our eligible shareholders will also choose to participate with us.”

Ends—

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About the Unilife Group

Unilife Medical Solutions Ltd is an ISO 13485 certified company that designs, develops and supplies innovative safety medical devices. Listed on the Australian Securities Exchange (ASX : UNI) since 2002, Unilife has FDA-registered manufacturing facilities in the US State of Pennsylvania and a proprietary portfolio of clinical and prefilled safety syringes designed for use within healthcare and pharmaceutical markets.