

SECURITIES AND EXCHANGE COMMISSION

FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

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GelTech Solutions, Inc.

CIK: **1403676** | IRS No.: **562600575** | State of Incorporation: **DE** | Fiscal Year End: **1231**
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended **September 30, 2011**

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number **0-52993**

GelTech Solutions, Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

56-2600575

(I.R.S. Employer
Identification No.)

**1460 Park Lane South, Suite 1, Jupiter,
Florida**

(Address of principal executive offices)

33458

(Zip Code)

Registrant's telephone number, including area code: (561) 427-6144

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated
filer

Accelerated filer

Non-accelerated
filer (Do not check if a smaller reporting
company)

Smaller reporting
company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Class

Common Stock, \$0.001 par value per share

Outstanding at November 4, 2011

22,134,570 shares

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PART I – FINANCIAL INFORMATION

ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS.

**GELTECH SOLUTIONS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS**

	As of September 30, 2011	As of June 30, 2011
	<u>(Unaudited)</u>	<u></u>
ASSETS		
Cash and cash equivalents	\$ 736,373	\$ 1,956,976
Accounts receivable trade, net	110,687	103,824
Inventories	579,836	393,434
Prepaid consulting	-	42,500
Prepaid expenses and other current assets	44,701	29,784
Total current assets	<u>1,471,597</u>	<u>2,526,518</u>
Furniture, fixtures and equipment, net	224,195	209,822
Deposits	<u>15,631</u>	<u>15,631</u>
Total assets	<u>\$ 1,711,423</u>	<u>\$ 2,751,971</u>
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
Accounts payable	\$ 345,085	\$ 270,864
Accrued expenses	72,192	168,445
Insurance premium finance contract	11,533	10,227
Total current liabilities	<u>428,810</u>	<u>449,536</u>
Convertible note	1,497,483	1,497,483
Total liabilities	<u>1,926,293</u>	<u>1,947,019</u>
Commitments and contingencies (Note 5)		
Stockholder's equity (deficit)		
Preferred stock: \$0.001 par value; 5,000,000 shares authorized; no shares issued and outstanding	-	-
Common stock: \$0.001 par value; 50,000,000 shares authorized; 22,134,570 and 22,104,570 shares issued and outstanding as of September 30, 2011 and June 30, 2011, respectively.	22,135	22,105
Additional paid in capital	16,895,368	16,452,674
Accumulated deficit	<u>(17,132,373)</u>	<u>(15,669,827)</u>
Total stockholders' equity (deficit)	<u>(214,870)</u>	<u>804,952</u>
Total liabilities and stockholders' equity (deficit)	<u>\$ 1,711,423</u>	<u>\$ 2,751,971</u>

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

GELTECH SOLUTIONS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

	For the Three Months Ended September 30,	
	2011	2010
Sales	\$ 178,402	\$ 28,557
Cost of goods sold	<u>75,240</u>	<u>8,664</u>
Gross profit	<u>103,162</u>	<u>19,893</u>
Operating expenses:		
Selling, general and administrative expenses	1,503,206	881,210
Research and development	<u>42,249</u>	<u>35,583</u>
Total operating expenses	<u>1,545,455</u>	<u>916,793</u>
Loss from operations	(1,442,293)	(896,900)
Other income (expense)		
Loss on settlement	(1,500)	-
Interest income	406	1,274
Interest expense	<u>(19,159)</u>	<u>(101,521)</u>
Total other income (expense)	<u>(20,253)</u>	<u>(100,247)</u>
Net loss	<u>\$ (1,462,546)</u>	<u>\$ (997,147)</u>
Net loss per common share - basic and diluted	<u>\$ (0.07)</u>	<u>\$ (0.06)</u>
Weighted average shares outstanding - basic and diluted	<u>22,128,048</u>	<u>16,672,024</u>

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

GELTECH SOLUTIONS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	For the Three Months	
	Ended	
	September 30,	
	2011	2010
Cash flows from operating activities		
Reconciliation of net loss to net cash used in operating activities:		
Net loss	\$ (1,462,546)	\$ (997,147)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	12,549	3,318
Amortization of debt issuance costs	-	69,505
Amortization of prepaid expenses	-	69,426
Amortization of stock based prepaid consulting	42,500	-
Stock option employee compensation expense	412,724	60,782
Changes in assets and liabilities:		
Accounts receivable	(6,863)	1,014
Inventories	(186,402)	(63,565)
Prepaid expenses and other current assets	5,819	1,529
Deposits and other assets	-	17,198
Accounts payable	66,133	135,865
Accrued expenses	(96,253)	(76,806)
Net cash used in operating activities	(1,212,339)	(778,881)
Cash flows from Investing Activities		
Purchases of equipment	(26,922)	(1,771)
Net cash used in investing activities	(26,922)	(1,771)
Cash flows from Financing Activities		
Proceeds from sale of stock and warrants, net of expenses	-	352,000
Proceeds from exercise of stock options	30,000	-
Payments on Insurance Finance Contract	(11,342)	(7,381)
Net cash provided by financing activities	18,658	344,619
Net (decrease) in cash and cash equivalents	(1,220,603)	(436,033)
Cash and cash equivalents - beginning	1,956,976	625,796
Cash and cash equivalents - ending	\$ 736,373	\$ 189,763
Supplemental Disclosure of Cash Flow Information:		
Cash paid for interest	\$ 440	\$ 31,184
Cash paid for income taxes	\$ -	\$ -
Supplementary Disclosure of Non-cash Investing and Financing Activities:		
Financing of prepaid insurance contracts	\$ 12,648	\$ 4,001
Stock issued for consulting agreement	\$ -	\$ 65,500

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

GELTECH SOLUTIONS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2011
(Unaudited)

NOTE 1 - Organization and Basis of Presentation

Organization

GelTech Solutions, Inc. ("GelTech" or the "Company") is a Delaware corporation organized in 2006. GelTech is focused on marketing four products: (1) FireIce®, a water soluble fire retardant used to protect firefighters, structures and wildlands; (2) Soil2O™ 'Dust Control', our new application which is used for dust mitigation in the aggregate, road construction, mining, as well as, other industries that deal with daily dust control issues; (3) Soil2O™, a product which reduces the use of water and is primarily marketed to golf courses and the agriculture market; and (4) FireIce® Home Defense Unit, a system for applying FireIce® to structures to protect them from wildfires. Additionally, GelTech owns a United States patent for a method to modify weather.

The corporate office is located in Jupiter, Florida.

Basis of Presentation

The accompanying unaudited condensed consolidated interim financial statements include the accounts of the Company and its two wholly owned subsidiaries: WeatherTech Innovations, Inc. and FireIce Gel, Inc. (formerly GelTech Innovations, Inc.). Prior to July 1, 2008, there had been no activity in either subsidiary. Beginning on July 1, 2008, the Company began operating the marketing, sales and distribution of FireIce® through FireIce Gel, Inc.

These unaudited condensed consolidated interim financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") in accordance with the rules and regulations of the U.S. Securities and Exchange Commission ("SEC") for interim financial information. Accordingly, they do not include all of the information and footnotes required by "GAAP" for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring adjustments) considered necessary for a fair presentation have been included. The information included in these unaudited condensed consolidated financial statements should be read in conjunction with Management's Discussion and Analysis of Financial Conditions and Results of Operations contained in this report and the audited consolidated financial statements and accompanying notes included in the Company's Annual Report on Form 10-K for the year ended June 30, 2011 filed on September 28, 2011.

Inventories

Inventories as of September 30, 2011 consisted of raw materials and finished goods in the amounts of \$178,323 and \$401,513, respectively.

Fair Value of Financial Instruments and Fair Value Measurements

We measure our financial assets and liabilities in accordance with ASC 820 "Fair Value Measurements and Disclosures". For certain of our financial instruments, including cash equivalents, accounts receivable, accounts payable, accrued expenses and line of credit, the carrying amounts approximate fair value due to their short maturities. The carrying amount of our convertible debt approximates the fair value because the interest rate on the convertible note does not vary materially from the market rate for similar debt instruments.

GELTECH SOLUTIONS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2011
(Unaudited)

Effective July 1, 2008, we adopted accounting guidance for fair value measurements of financial assets and liabilities and adopted the same guidance for non-financial assets and liabilities effective July 1, 2009. The adoption did not have a material impact on our results of operations, financial position or liquidity. This standard defines fair value, provides guidance for measuring fair value and requires certain disclosures. This standard does not require any new fair value measurements, but rather applies to all other accounting pronouncements that require or permit fair value measurements. This guidance does not apply to measurements related to share-based payments. This guidance discusses valuation techniques, such as the market approach (comparable market prices), the income approach (present value of future income or cash flow), and the cost approach (cost to replace the service capacity of an asset or replacement cost). The guidance utilizes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. The following is a brief description of those three levels:

Level 1: Observable inputs such as quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices that are observable, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in markets that are not active.

Level 3: Unobservable inputs in which little or no market data exists, therefore developed using estimates and assumptions developed by us, which reflect those that a market participant would use.

The Company had no financial or non-financial assets or liabilities measured at fair value and subject to this accounting standard as of September 30, 2011 or 2010.

Revenue Recognition

Revenue from sales of products is recognized when persuasive evidence of an arrangement exists, products have been shipped to the customer, economic risk of loss has passed to the customer, the price is fixed or determinable, collection is reasonably assured, and any future obligations of the Company are insignificant. Revenue is shown net of returns and allowances.

Products shipped from either our third-party fulfillment companies or our Jupiter, Florida location are shipped FOB shipping point. Normal terms are net 30 or net 60 days depending on the arrangement we have with the customer. As such, revenue is recognized when product has been shipped from either the third-party fulfillment company or from the Jupiter, Florida location.

The Company follows the guidance of ASC 605-50-25, "Revenue Recognition, Customer Payments" Accordingly, any incentives received from vendors are recognized as a reduction of the cost of goods sold. Promotional products or samples given to customers or potential customers are recognized as a cost of goods sold. Cash incentives provided to our customers are recognized as a reduction of the related sale price, and, therefore, are a reduction of sales.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Management believes that the estimates utilized in preparing its consolidated financial statements are reasonable; however, actual results could differ materially from these estimates. Significant estimates for the three months ended September 30, 2011 include the allowance for doubtful accounts, depreciation and amortization, valuation of inventories, valuation of options and warrants granted for services or settlements, valuation of common stock granted for services or debt conversion and the valuation of deferred tax assets.

GELTECH SOLUTIONS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2011
(Unaudited)

Net Earnings (Loss) per Share

The Company computes net earnings (loss) per share in accordance with ASC 260-10, "Earnings per Share." ASC 260-10 requires presentation of both basic and diluted earnings per share ("EPS") on the face of the income statement. Basic EPS is computed by dividing net income (loss) available to common shareholders by the weighted average number of common shares outstanding during the period. Diluted EPS gives effect to all dilutive potential common shares outstanding during the period. Diluted EPS excludes all dilutive potential common shares if their effect is anti-dilutive. At September 30, 2011, there were options to purchase 5,992,007 shares of the Company's common stock, warrants to purchase 5,125,258 shares of the Company's common stock and 1,337,038 shares of the Company's common stock are reserved for a convertible note which may dilute future earnings per share.

Stock-Based Compensation

The Company accounts for employee stock-based compensation in accordance with ASC 718-10, "Share-Based Payment," which requires the measurement and recognition of compensation expense for all share-based payment awards made to employees and directors including employee stock options, restricted stock units, and employee stock purchases based on estimated fair values.

Stock-based compensation expense recognized under ASC 718-10 for the period July 1, 2011 to September 30, 2011 was \$412,724 for stock options granted to employees and directors. This expense is included in selling, general and administrative expenses in the unaudited condensed consolidated statements of operations. Stock-based compensation expense recognized during the period is based on the value of the portion of share-based payment awards that is ultimately expected to vest during the period. At September 30, 2011, the total compensation cost for stock options not yet recognized was approximately \$2,427,000. This cost will be recognized over the remaining vesting term of the options of approximately three years.

A summary of stock option transactions for all employee stock options for the three month periods ended September 30, 2011 and 2010 is as follows:

Employee Options

	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life	Aggregate Intrinsic Value
Balance at June 30, 2010	1,649,007	\$ 0.88	6.40	
Granted	-	\$ -	-	
Exercised	-	\$ -	-	
Options sold to third party	-	\$ -	-	
Forfeited	-	\$ -	-	
Expired	-	\$ -	-	
Outstanding at September 30, 2010	<u>1,649,007</u>	<u>\$ 0.88</u>	<u>6.15</u>	<u>\$ 858,511</u>
Exercisable at September 30, 2010	<u>1,049,008</u>	<u>\$ 0.84</u>	<u>5.04</u>	<u>\$ 585,211</u>
Weighted average fair value of options granted during the three months ended September 30, 2010		<u>N/A</u>		
Balance at June 30, 2011	4,439,507	\$ 1.12	5.39	
Granted	675,000	\$ 1.06	10.00	
Exercised	-	\$ -	-	
Forfeited	-	\$ -	-	
Expired	(525,000)	\$ 1.00		
Outstanding at September 30, 2011	<u>4,589,507</u>	<u>\$ 1.13</u>	<u>6.19</u>	<u>\$ 54,406</u>

Exercisable at September 30, 2011	<u>2,252,924</u>	<u>\$ 1.04</u>	<u>4.38</u>	<u>\$ 54,406</u>
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Weighted average fair value of options granted during the three months ended September 30, 2011

\$ 0.61

On September 1, 2011, ten-year options to purchase 150,000 shares of common stock at an exercise price of \$1.95 share, which were contingently granted by the Company to its Chief Financial Officer on June 3, 2011, became effective upon his transition from part time consultant to full-time employee. Of the options granted, 50,000 vested immediately and the remaining options vest semi-annually on December 31st and June 30th with the first vesting date being December 31, 2011, subject to continued employment. The options were valued using the Black-Scholes option pricing model using a volatility of 90.6% (derived from the historical market price of the Company's common stock since it began trading in June 2008) an expected term of 6.5 years (using the simplified method) and a discount rate of 2.11%. The value of the options, \$224,778, will be recorded as expense over the requisite service period.

GELTECH SOLUTIONS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2011
(Unaudited)

On September 20, 2011, the Company granted ten-year options to purchase 175,000 shares of common stock at an exercise price of \$0.81 share to each of its three original executive officers. The options vest semi-annually on December 31st and June 30th with the first vesting date being December 31, 2011, subject to continued employment. The options were valued using the Black-Scholes option pricing model using a volatility of 88.89% (derived from the historical market price of the Company's common stock since it began trading in June 2008) an expected term of 6.5 years (using the simplified method) and a discount rate of 1.25%. The value of the options, \$320,271, will be recorded as expense over the requisite service period. These options replaced options to purchase the same number of shares at an exercise price of \$1.00 per share which expired on September 15, 2011.

A summary of options issued to non-employees under the 2007 Plan and changes during the period from June 30, 2010 to September 30, 2010 and from June 30, 2011 to September 30, 2011 is as follows:

Options Issued to Directors

	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life	Aggregate Intrinsic Value
Balance at June 30, 2010	370,000	\$ 1.28	7.41	
Granted	210,000	\$ 1.20	10.00	
Exercised	-	\$ -	-	
Forfeited	-	\$ -	-	
Expired	-	\$ -	-	
Outstanding at September 30, 2010	<u>580,000</u>	<u>\$ 1.25</u>	<u>7.41</u>	<u>\$ 151,600</u>
Exercisable at September 30, 2010	<u>315,833</u>	<u>\$ 1.20</u>	<u>6.77</u>	<u>\$ 110,050</u>

Weighted average fair value of options granted during the three months ended September 30, 2010

\$ 0.74

Balance at June 30, 2011	790,000	\$ 1.25	7.98	
Granted	245,000	\$ 1.75	10.00	
Exercised	(30,000)	\$ 1.00	-	
Forfeited	(142,500)	\$ 1.46	-	
Expired	-	\$ -	-	
Outstanding at September 30, 2011	<u>862,500</u>	<u>\$ 1.37</u>	<u>8.27</u>	<u>\$ 4,650</u>
Exercisable at September 30, 2011	<u>505,498</u>	<u>\$ 1.23</u>	<u>7.42</u>	<u>\$ 4,650</u>

Weighted average fair value of options granted during the year ended June 30, 2011

\$ 1.34

On July 1, 2011, the Company granted options to purchase 245,000 shares of the Company's common stock to directors of the Company. The options have an exercise price of \$1.75 per share, vest over one year and have a ten year term. The options were valued using the Black-Scholes model using a volatility of 89.65% (derived using the historical market price for the Company's common stock since it began trading in June 2008), an expected term of 6.5 years (using the simplified method) and a discount rate of 2.35%. The value of the options, \$311,001, will be recognized over the vesting term, one year.

On September 28, 2011, in connection with the resignation of a director, options to purchase 142,500 shares of common stock at a weighted average exercise price of \$1.46 per share were forfeited.

GELTECH SOLUTIONS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2011
(Unaudited)

A summary of options issued to non-employees under the 2007 Plan and changes during the three month periods from June 30, 2010 to September 30, 2010 and from June 30, 2011 to September 30, 2011 is as follows:

Non-Employee, Non-Director Options

	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life	Aggregate Intrinsic Value
Balance at June 30, 2010	155,000	\$ 1.00	2.53	
Granted	-	\$ -	-	
Options purchased from officer	-	\$ -	-	
Exercised	-	\$ -	-	
Forfeited	-	\$ -	-	
Expired	-	\$ -	-	
Outstanding at September 30, 2010	<u>155,000</u>	<u>\$ 1.00</u>	<u>2.27</u>	<u>\$ 62,000</u>
Exercisable at September 30, 2010	<u>155,000</u>	<u>\$ 1.00</u>	<u>2.27</u>	<u>\$ 62,000</u>

Weighted average fair value of options granted during the year ended June 30, 2010

N/A

Balance at June 30, 2011	540,000	\$ 1.16	3.14	
Granted	-	\$ -	-	
Exercised	-	\$ -	-	
Forfeited	-	\$ -	-	
Expired	-	\$ -	-	
Outstanding at September 30, 2011	<u>540,000</u>	<u>\$ 1.16</u>	<u>2.89</u>	<u>\$ -</u>
Exercisable at September 30, 2011	<u>540,000</u>	<u>\$ 1.16</u>	<u>2.89</u>	<u>\$ -</u>

Weighted average fair value of options granted during the year ended June 30, 2011

N/A

GELTECH SOLUTIONS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2011
(Unaudited)

Determining Fair Value Under ASC 718-10

The Company estimates the fair value of stock options granted using the Black-Scholes option-pricing formula. This fair value is then amortized on a straight-line basis over the requisite service periods of the awards, which is generally the vesting period. The Company's determination of fair value using an option-pricing model is affected by the stock price as well as assumptions regarding the number of highly subjective variables.

The Company estimates volatility based upon the historical stock price of the Company and estimates the expected term for employee stock options using the simplified method for employees and directors and the contractual term for non-employees. The risk free rate is determined based upon the prevailing rate of United States Treasury securities with similar maturities.

The fair values of stock option grants for the period from July 1, 2011 to September 30, 2011 were estimated using the following assumptions:

Risk free interest rate	1.25% -2.3%
Expected term (in years)	5.5 - 6.5
Dividend yield	—
Volatility of common stock	88.89% - 90.6%
Estimated annual forfeitures	—

New Accounting Pronouncements

ASUs which were not effective until after September 30, 2011 are not expected to have a significant effect on the Company's consolidated financial position or results of operations.

NOTE 2 - Going Concern

These unaudited condensed consolidated financial statements have been prepared on a going concern basis, which implies the Company will continue to realize its assets and discharge its liabilities in the normal course of business. As of September 30, 2011, the Company had an accumulated deficit and stockholders' deficit of \$17,132,373 and \$214,870, respectively, and incurred losses from operations of \$1,462,546 for the three months ended September 30, 2011 and used cash from operations of \$1,212,339 during the three months ended September 30, 2011. In addition, the Company has not yet generated revenue sufficient to support ongoing operations. These factors raise substantial doubt regarding the Company's ability to continue as a going concern. The continuation of the Company as a going concern is dependent upon the continued financial support from its stockholders, the ability of the Company to obtain necessary debt or equity financing to continue operations, and the attainment of profitable operations. These unaudited condensed consolidated financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

In February 2011, the Company renegotiated its Line of Credit with its largest principal stockholder (the Lender) to replace the Line of Credit with a five-year convertible note with a reduced principal amount (Note 3). Management believes that its working capital needs will be met over the next eight to twelve months via a combination of sales of stock through private investments resulting from the Company's contacts with institutional and private investors or through additional debt financing. There is no guarantee that such fund raising efforts will be successful. If we are unable to generate substantial cash flows from sales of our products, or through financings, we may not be able to remain operational. Management believes the activities presently being taken provide the opportunity for the Company to continue as a going concern.

GELTECH SOLUTIONS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2011
(Unaudited)

NOTE 3 - Convertible Note Agreement (Formerly Line of Credit Agreement)

On May 29, 2009, the Company entered into a Credit Enhancement and Financing Security Agreement with the Company's largest principal stockholder. In connection with this agreement the Company executed a Revolving Promissory Note which permits the Company to borrow up to \$2,500,000. Interest, at an annual rate of 5%, is due monthly on the 20th day of each month which commenced on July 20, 2009.

In May 2010, the Lender extended the due date of the line of credit to May 2011. Additionally, the Company may be compelled to pay the outstanding principal balance earlier during which it will not be permitted to borrow any sums for a period of 30 consecutive days.

In February 2011, the Company renegotiated the Line of Credit Agreement with its largest principal stockholder (the Lender). As part of the renegotiation, the Company issued 892,857 shares of the Company's common stock and five-year warrants to purchase 1,000,000 shares of the Company's common stock at an exercise price of \$1.25 per share in exchange for a \$1,000,000 reduction in the principal amount of the Line of Credit. In addition, the remaining principal amount due under the line of credit of \$1,497,483 was replaced by a five-year convertible note of the same amount, convertible at \$1.12 per share (fair market value on transaction date based upon the quoted trading price) and bearing annual interest of 5%, due on the maturity date of the note. As an inducement for the Lender to enter into the convertible note agreement, the Company granted the Lender five-year warrants to purchase 300,000 shares of the Company's common stock at an exercise price of \$1.75 per share. The Company did not recognize a note discount related to the beneficial conversion feature of the convertible note because the conversion feature had no intrinsic value on the date the note was issued. As of September 30, 2011, accrued interest related to this convertible note amounted to \$45,848. Total interest expense on the convertible note amounted to \$18,719 for the three months ended September 30, 2011.

NOTE 4 - Stockholders' Equity

Preferred Stock

The Company has authorized 5,000,000 shares of preferred stock, par value \$0.001 per share with such rights, preferences and limitation as may be set from time to time by resolution of the board of directors and the filing of a certificate of designation as required by Delaware General Corporation Law.

Common Stock

The issuances of common stock during the three months ended September 30, 2011 were as follows:

In July 2011, the Company issued 30,000 shares of common stock to a director in exchange for \$30,000 in connection with the exercise of options with an exercise price of \$1.00 per share.

Common Stock Warrants

The Company accounts for warrants issued for services in accordance with ASC 505-50-30-2 Equity Based Payments to Non-Employees. As such, the Company calculates the fair value of the warrants granted using the Black-Scholes option pricing model and records the fair value to either prepaid expense or expense based upon the terms of the underlying contract for services. In applying the Black-Scholes method, the Company calculates volatility based upon the historical market price of the Company's common stock, utilizes discount rates obtained from the Federal Reserve Statistical Release for treasury instruments of the same duration and expected term as the contractual term of the warrants.

GELTECH SOLUTIONS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2011
(Unaudited)

Warrants issued in connection with the sale of shares of common stock are treated as part of the equity transaction and are recorded in stockholders' equity or liabilities in accordance with the guidance at ASC 480-10-25.

A summary of warrants issued for cash and changes during the periods July 1, 2010 to September 30, 2010 and from July 1, 2011 to September 30, 2011 is as follows:

Warrants Issued as Settlements

	Number of Warrants	Weighted Average Exercise Price	Remaining Contractual Life
Balance at June 30, 2010	474,508	\$ 1.05	0.91
Granted	-	\$ -	-
Exercised	-	\$ -	-
Forfeited	-	\$ -	-
Expired	-	\$ -	-
Outstanding at September 30, 2010	<u>474,508</u>	<u>\$ 1.05</u>	<u>1.67</u>
Exercisable at September 30, 2010	<u>474,058</u>	<u>\$ 1.05</u>	<u>1.67</u>

Weighted average fair value of warrants granted during the three months ended September 30, 2010

N/A

Balance at June 30, 2011	474,058	\$ 1.05	0.92
Granted	-	\$ -	-
Exercised	-	\$ -	-
Forfeited	-	\$ -	-
Expired	-	\$ -	-
Outstanding at September 30, 2011	<u>474,058</u>	<u>\$ 1.05</u>	<u>0.67</u>
Exercisable at September 30, 2011	<u>474,058</u>	<u>\$ 1.05</u>	<u>0.67</u>

Weighted average fair value of warrants granted during the three months ended September 30, 2010

N/A

A summary of warrants issued for cash and changes during the periods June 30, 2010 to September 30, 2010 and from June 30, 2011 to September 30, 2011 is as follows:

GELTECH SOLUTIONS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2011
(Unaudited)

Warrants issued for cash

	Number of Warrants	Weighted Average Exercise Price	Remaining Contractual Life
Balance at June 30, 2010	2,733,303	\$ 1.56	2.37
Granted	380,000	\$ 1.25	5.0
Exercised	-	\$ -	-
Forfeited	-	\$ -	-
Expired	-	\$ -	-
Outstanding at September 30, 2010	<u>3,113,303</u>	<u>\$ 1.56</u>	<u>2.34</u>
Exercisable at September 30, 2010	<u>3,113,303</u>	<u>\$ 1.56</u>	<u>2.34</u>

Weighted average fair value of warrants granted during the three months ended September 30, 2010

N/A

Balance at June 30, 2011	4,651,200	\$ 1.46	2.68
Granted	-	\$ -	-
Exercised	-	\$ -	-
Forfeited	-	\$ -	-
Expired	-	\$ -	-
Outstanding at September 30, 2011	<u>4,651,200</u>	<u>\$ 1.46</u>	<u>2.43</u>
Exercisable at September 30, 2011	<u>4,651,200</u>	<u>\$ 1.46</u>	<u>2.43</u>

Weighted average fair value of warrants granted during the three months ended September 30, 2011

N/A

NOTE 5 - Commitments and Contingencies

The Company leases office and warehouse space located in Jupiter, Florida under a month-to-month lease and leases space in an industrial yard in Irvine, California under a one year lease which commenced in June 2011.

Rent expense for the three months ended September 30, 2011 and 2010 was \$33,804 and \$24,632, respectively.

In March 2011, the Compensation Committee approved new employment terms for each of the Company's three executive officers. The Executives will receive a base salary of \$150,000 per year with the Committee having the authority to increase the Executive's base salary for the succeeding 12-month period with the increase based on profitability, positive cash flow or such other factors as the Committee deems important. Following the completion of each fiscal year, the Committee will have the discretion to award each of the executives a target bonus based on each Executive's job performance, the Company's revenue growth, positive cash flow, net income before income taxes or other criteria selected by the Committee. In addition, the executives received options as previously described in Note 1.

GELTECH SOLUTIONS, INC. AND SUBSIDIARIES
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(Unaudited)

Effective September 1, 2011, the Compensation Committee approved an Employment Agreement with the Company's Chief Financial Officer (CFO). The CFO will receive a base salary of \$146,000 per year with the Committee having the authority to increase the CFO's base salary for the succeeding 12-month period with the increase based on profitability, positive cash flow or such other factors as the Committee deems important. Following the completion of each fiscal year, the Committee will have the discretion to award the CFO a target bonus based upon the CFO's job performance, the Company's revenue growth, positive cash flow, net income before income taxes or other criteria selected by the Committee. In addition, the CFO received options as previously described in Note 1.

The Company was sued by a former employee on June 23, 2008, alleging breach of a consulting agreement and an employment agreement entered into in May and June 2007, respectively. In addition, the plaintiff seeks to recover certain of his personal property, which was used or stored in the Company's offices, and alleges the Company invaded his privacy by looking at his personal computer (which was used in the Company's business) in the Company's offices. The lawsuit is pending and the Company believes the lawsuit is without merit.

NOTE 6 - Related Party Transactions

In addition to the Chief Executive Officer (CEO) and the Chief Technology Officer (CTO) the following related parties are employed at GelTech:

- The CEO's wife is a bookkeeper at \$1,000 per week,
- The CEO and CTO's father is a researcher at \$1,200 per week, and
- The CEO and CTO's mother is a receptionist at \$600 per week.

We believe all of these salaries are at or are below the going rate of what such services would cost on the open market.

The Company has employment arrangements with its executive officers which are described under Note 5.

The Company has entered into a series of credit facilities with its largest principal stockholder as more fully described in Note 3.

GELTECH SOLUTIONS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2011
(Unaudited)

NOTE 7 - Concentrations

The Company maintains its cash in bank and financial institution deposits that at times may exceed federally insured limits. The Company has not experienced any losses in such accounts through September 30, 2011. As of September 30, 2011, there were no cash equivalent balances held in depository accounts that are not insured.

At September 30, 2011, two customers each account for 34.9% of accounts receivable.

For the three months ended September 30, 2011 two customers accounted for approximately 30.3% and 30.1 of sales.

During the three months ended September 30, 2011 all sales resulted from two products, FireIce® and Soil2O™ which made up 18.4% and 81.6%, respectively, of total sales. Of the FireIce® sales, 78% related to sales of FireIce product and 22% related to sales of the FireIce Home Defense units. Of the Soil2O™ sales, 97% related to Soil2O™ Dust Control and 3% related to traditional sales of Soil2O™.

Two vendors accounted for 65.5% and 13.4% of the Company's approximately \$268,000 of raw material and packaging purchases during the three months ended September 30, 2011.

NOTE 8 - Subsequent Events

In October 2011, the Company entered into employment agreements with its CEO, President and CTO. The terms of the employment agreements were approved by the Compensation Committee of the Company's board of directors in March 2011 as described in Note 5.

GELTECH SOLUTIONS, INC. AND SUBSIDIARIES

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

Certain statements in "Management's Discussion and Analysis and of Financial Condition and Results of Operations" are forward-looking statements that involve risks and uncertainties. Words such as may, will, should, would, anticipates, expects, intends, plans, believes, seeks, estimates and similar expressions identify such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which reflect management's analysis only as of the date hereof. We assume no obligation to update these forward-looking statements to reflect actual results or changes in factors or assumptions affecting forward-looking statements.

Overview

GelTech Solutions, Inc. markets four products: (1) FireIce®, a water soluble fire retardant used to protect firefighters, structures and wildlands; (2) Soil2O™ 'Dust Control', our new application which is used for dust mitigation in the aggregate, road construction, mining, as well as, other industries that deal with daily dust control issues (3) Soil2O™, a product which reduces the use of water and is primarily marketed to golf courses and the agriculture market; and (4) FireIce® Home Defense Unit, a system for applying FireIce® to structures to protect them from wildfires. Our financial statements have been prepared on a going concern basis, and we need to generate sufficient material revenues to support the ongoing business of the Company.

In March 2011, the Company was notified by the United States Forest Service (the "Forest Service") that its FireIce® product would be listed on the Forest Service's Qualified Products List (the "QPL List"). Inclusion on the QPL List qualifies our product for use to fight brush and wildfires on State and National Park lands. The Forest Service testing process began in September 2008 and included a battery of tests including tests for possible toxicity to the environment, decomposition and possible corrosion to land based firefighting equipment and firefighting aircraft.

The Company has recently hired a former Forest Service employee to assist the Company in securing contracts to provide FireIce® to the Forest Service and individual state forest services for use on brush and wildfires. This new hire was a Forest Service employee for eight years and worked with the Forest Service on a contract basis for an additional ten years. In May 2011, the Company purchased a mobile mixing vehicle which will allow the Company to mix up 250,000 gallons per day for use in fighting brush and wildfires.

RESULTS OF OPERATIONS

FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2011 COMPARED TO THE THREE MONTHS ENDED SEPTEMBER 30, 2010.

Sales

For the three months ended September 30, 2011, we had sales of \$178,402 as compared to sale of \$28,557 for the three months ended September 30, 2010, an increase of \$149,845 or 525%. Sales of product during the three months ended September 30, 2011 consisted of \$145,597 for Soil2O™ and \$32,805 for FireIce® and related products. Of the Soil2O™ sales, \$141,367 related to the new dust control application and \$4,230 related to traditional Soil2O™ applications. FireIce® sales consisted of \$25,598 product sales and \$7,207 related to sales of HDU units. We anticipate that sales of Soil2O™ "Dust Control" in the United States will continue to grow as we add new customers and receive new orders from existing customers while domestic sales of FireIce® will be more sporadic as they are currently primarily dependent on wildfire activity. We anticipate a resumption of FireIce® sales to China in early 2012.

GELTECH SOLUTIONS, INC. AND SUBSIDIARIES

Cost of Goods Sold

Cost of goods sold was \$75,240 for the three months ended September 30, 2011 as compared to a cost of goods sold of \$8,664 for the three months ended September 30, 2010. The increase was the direct result of the increase in sales. Cost of sales as a percentage of sales was 42% for the three months ended September 30, 2011 as compared to 30% for the three months ended September 30, 2010. The higher cost of sales percentage in fiscal 2012 relates to the sales mix and an increase in raw material costs. Fiscal 2012 sales include sales of FireIce HDU units which have a lower gross profit percentage. There were no FireIce HDU units sales during the three months ended September 30, 2010. We expect future cost of sales as a percentage of sales will be consistent with the cost of sales percentage for the three months ended September 30, 2011.

Selling, General and Administrative Expenses

Selling, General and Administrative expenses were \$1,503,206 for the three months ended September 30, 2011 as compared to \$881,210 for the three months ended September 30, 2010. The increase in fiscal 2011 expenses resulted from (1) an increase in non-cash stock option expense of \$352,000 related to option grants to executive officers, employees and directors; (2) an increase in salaries and employee benefits of \$207,000 related to the hiring of a full time CFO and salary increases for executive officers of \$126,000 and the addition of five new staff members resulting in an increase of \$81,000; (3) an increase in sales and marketing expense as we continue to build the FireIce® and Soil2O™ brands; (4) an increase in travel expenses of \$38,000 related to our wildfire efforts in Texas and New Mexico, our dust control efforts in Arizona and a demonstration of FireIce® in Brazil, and (5) an increase of \$29,000 in facilities costs with the addition of the storage facility and operations center in California. These increases were partially offset by decreases in investor relations of \$55,000 due to the cancellation of our investor relations agreement and the expiration of a 2009 investor relations contract and a decrease of \$29,000 in professional fees which resulted from the transition of our CFO from consultant to full time employee and a reduction of legal fees from the prior year. Legal fees for the three months ended September 30, 2010 include fees related to the Company's registration statement filed in connection with the Lincoln Park Capital agreement.

Research and Development Expenses

R&D expenses were \$42,249 for the three months ended September 30, 2011 as compared to \$35,583 for the three months ended September 30, 2010. The fiscal 2012 expenses relate to research of potential product enhancements for FireIce® and testing of our Soil2O™ "Dust Control" product

Loss from Operations

Loss from operations was \$1,442,293 for the three months ended September 30, 2011 as compared to \$896,900 for the three months ended September 30, 2010. The increased loss resulted from the higher operating expenses which were partially offset by the higher gross profit resulting from the increase in sales.

Interest Income

Interest income was \$406 for the three months ended September 30, 2011 as compared to \$1,274 for the three months ended September 30, 2010. The amounts are reflective of the cash balances on hand and the prevailing interest rates during the respective three month periods.

Loss on settlement

Loss on settlement of \$1,500 during the three months ended September 30, 2011 resulted from a cash payment to resolve a minor misunderstanding with a prospective individual investor.

GELTECH SOLUTIONS, INC. AND SUBSIDIARIES

Interest Expense

Interest expense was \$19,159 for the three months ended September 30, 2011 as compared to \$101,521 for the three months ended September 30, 2010. The higher expense during the three months ended September 30, 2010 resulted from the amortization of the debt issuance costs related to the renewal of the line of credit agreement in May 2010 which was replaced by a five-year convertible note in February 2011. Amortization of these costs was \$69,505 for the three months ended September 30, 2010. In addition, interest expense related to accrued interest was lower during the three months ended September 30, 2011 due to the \$1 million reduction of the outstanding debt amount in February 2011.

Net Loss

Net loss was \$1,462,546 for the three months ended September 30, 2011 as compared to \$997,147 for the three months ended September 30, 2010. The higher net loss resulted from the higher operating expenses which were partially offset by the higher gross profit resulting from the higher sales as described above. Net loss per common share was \$0.07 for the three months ended September 30, 2011 as compared to \$0.06 for the three months ended September 30, 2010. The weighted average number of shares outstanding for the three months ended September 30, 2011 and 2010 were 22,148,048 and 16,672,024, respectively.

LIQUIDITY AND CAPITAL RESOURCES

For the three months ended September 30, 2011, the Company used net cash of \$1,212,339 in operating activities as compared to net cash used in operating activities of \$778,881 for the three months ended September 30, 2010. Net cash used during the three months ended September 30, 2011 resulted primarily from the net loss of \$1,462,546, a decrease in accrued liabilities of \$96,253 and an increase in inventory of \$186,402 which were partially offset by non-cash stock based compensation of \$412,724, non-cash amortization of stock based prepaid consulting of \$42,500, depreciation of \$12,549 and an increase in accounts payable of \$66,133. For the three months ended September 30, 2010, we used net cash of \$778,881 in operating activities resulting from a net loss of \$997,147, a decrease in accrued expenses of \$76,806 and an increase in inventory of \$63,565 which were partially offset by stock option compensation expense of \$60,682, amortization of debt issuance costs of \$69,505 and stock based prepaid expenses of \$69,426 and an increase in accounts payable of \$135,865.

Cash flows used in investing activities for the three months ended September 30, 2011 amounted to \$26,922 as compared to \$1,771 for the three months ended September 30, 2010. This related to purchases of equipment used with our mobile mixing truck and additional computer and office equipment for the corporate office.

Cash flows from financing activities for the three months ended September 30, 2011 were \$18,658 as compared to \$344,619 for the three months ended September 30, 2010. During the three months ended September 30, 2011, the Company received \$30,000 from the exercise of options to purchase 30,000 shares of common stock at an exercise price of \$1.00 per share by a director and repaid \$11,342 of insurance premium financing. During the three months ended September 30, 2010, we received \$352,000 from the sale of common stock and warrants in private placements, net of commissions paid. These proceeds were used for working capital and to repay \$7,381 of insurance premium financing.

As of the filing date of this report, we have \$383,000 in available cash. We do not anticipate the need to purchase any additional material capital assets in order to carry out our business. The Company believes that its working capital needs of \$2.5 - \$3.5 million will be met over the next eight to twelve months via a combination of sales of stock through private investments resulting from the Company's contacts with institutional and private investors or through additional debt financing. There is no guarantee that such fund raising efforts will be successful. If we are unable to generate substantial cash flows from sales of our products, or through financings, we may not be able to remain operational.

Related Person Transactions

For information on related party transactions and their financial impact, see Note 6 to the Unaudited Condensed Consolidated Financial Statements.

GELTECH SOLUTIONS, INC. AND SUBSIDIARIES

Principal Accounting Estimates

In response to the SEC's financial reporting release, FR-60, Cautionary Advice Regarding Disclosure About Critical Accounting Policies, the Company has selected its most subjective accounting estimation processes for purposes of explaining the methodology used in calculating the estimate, in addition to the inherent uncertainties pertaining to the estimate and the possible effects on the Company's financial condition. The accounting estimates are discussed below. This estimate involves certain assumptions that if incorrect could create a material adverse impact on the Company's results of operations and financial condition.

Revenue Recognition

Under ASC 605-15-25 we recognize sales of our products when each of the following has occurred:

- The price of the product sold is fixed or determinable and evidence of an agreement is present
- The title and risk of loss of the product has passed to the buyer and the sale is not contingent upon the buyer being able to resell the product.
- We have a reasonable expectation that the buyer has the intent and the ability to pay for the product ordered.
- We have no future obligation to the seller related to the product sold.

Stock-Based Compensation

Under ASC 718-10 which was effective as of January 1, 2006, we recognize an expense for the fair value of our outstanding stock options as they vest, whether held by employees or others.

We estimate the fair value of each stock option and warrant at the grant date using the Black-Scholes option pricing model based upon certain assumptions which are contained in Note 1 to the Unaudited Condensed Consolidated Financial Statements contained in this report. The Black-Scholes model requires the input of highly subjective assumptions including the expected stock price volatility. Because our stock options and warrants have characteristics different from those of traded options, and because changes in the subjective input of assumptions can materially affect the fair value estimate, in our management's opinion, the existing models may not necessarily provide a reliable single measure of the fair value of such stock options.

RECENT ACCOUNTING PRONOUNCEMENTS

For information on recent accounting pronouncements, see Note 1 to the Unaudited Condensed Consolidated Financial Statements.

Cautionary Note Regarding Forward-Looking Statements

This report contains forward-looking statements including statements regarding anticipated increases in sales of Soil20™ "Dust Control," anticipated resumption of FireIce® sales to China in early 2012, our anticipated liquidity and capital asset requirements. Forward-looking statements can be identified by words such as "anticipates," "intends," "plans," "seeks," "believes," "estimates," "expects" and similar references to future periods.

Forward-looking statements are based on our current expectations and assumptions regarding our business, the economy and other future conditions. Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict. Our actual results may differ materially from those contemplated by the forward-looking statements. We caution you therefore against relying on any of these forward-looking statements. They are neither statements of historical fact nor guarantees or assurances of future performance. Important factors that could cause actual results to differ materially from those in the forward-looking statements include global and domestic economic conditions, budgetary pressures facing state and local governments, our failure to receive or the potential delay of anticipated orders for our products, failure to receive acceptance of FireIce® by State and Local governments and inability to enter into a definitive agreement with distributors in China.

Further information on our risk factors is contained in our filings with the SEC, including the Form 10-K for the year-ended June 30, 2011. Any forward-looking statement made by us speaks only as of the date on which it is made. Factors or events that could cause our actual results to differ may emerge from time to time, and it is not possible for us to predict all of them. We undertake no obligation to publicly update any forward-looking statement, whether as a result of new information, future developments or otherwise, except as may be required by law.

GELTECH SOLUTIONS, INC. AND SUBSIDIARIES

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Not applicable to smaller reporting companies

ITEM 4. CONTROLS AND PROCEDURES.

Evaluation of Disclosure Controls and Procedures. Our management carried out an evaluation, with the participation of our Principal Executive Officer and Principal Financial Officer, required by Rule 13a-15 of the Securities Exchange Act of 1934 (the “Exchange Act”) of the effectiveness of our disclosure controls and procedures as defined in Rule 13a-15(e) under the Exchange Act. Based on their evaluation, our management has concluded that our disclosure controls and procedures are effective as of the end of the period covered by this report to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms and is accumulated and communicated to our management, including our Principal Executive Officer and Principal Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control Over Financial Reporting. There were no changes in our internal control over financial reporting as defined in Rule 13a-15(f) under the Exchange Act that occurred during the period covered by this report that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

GELTECH SOLUTIONS, INC. AND SUBSIDIARIES

PART II – OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

There were no material developments to any legal proceedings. As of the date of this report, we are not aware of any proceeding, threatened or pending, against us which, if determined adversely, would have a material effect on our business, results of operations, cash flows or financial position.

ITEM 1A. RISK FACTORS.

Not applicable to smaller reporting companies.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.

None

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

None

ITEM 4. (REMOVED AND RESERVED).

ITEM 5. OTHER INFORMATION.

None

GELTECH SOLUTIONS, INC. AND SUBSIDIARIES

ITEM 6. EXHIBITS.

No.	Exhibit Description	Incorporated by Reference			Filed or Furnished Herewith
		Form	Date	Number	
3.1	Certificate of Incorporation	Sb-2	7/20/07	3.1	
3.2	Amended and Restated Bylaws	Sb-2	7/20/07	3.2	
3.3	Amendment No. 1 to the Amended and Restated Bylaws	10-K	9/28/10	3.3	
3.4	Amendment No. 2 to the Amended and Restated Bylaws	8-K	9/26/11	3.1	
10.1	Michael Hull Employment Agreement *				Filed
10.2	Michael Cordani Employment Agreement*				Filed
10.3	Joe Ingarra Employment Agreement*				Filed
10.4	Peter Cordani Employment Agreement*				Filed
31.1	Certification of Principal Executive Officer (Section 302)				Filed
31.2	Certification of Principal Financial Officer (Section 302)				Filed
32.1	Certification of Principal Executive Officer (Section 906)				Furnished
32.2	Certification of Principal Financial Officer (Section 906)				Furnished
101 INS	XBRL Instance Document				Furnished**
101 SCH	XBRL Taxonomy Extension Schema				Furnished**
101 CAL	XBRL Taxonomy Extension Calculation Linkbase				Furnished**
101 LAB	XBRL Taxonomy Extension Label Linkbase				Furnished**
101 PRE	XBRL Taxonomy Extension Presentation Linkbase				Furnished**
101 DEF	XBRL Taxonomy Extension Definition Linkbase				Furnished**

* Management compensatory agreement.

** Attached as Exhibit 101 to this report are the Company's financial statements for the quarter ended September 30, 2011 formatted in XBRL (eXtensible Business Reporting Language). The XBRL-related information in Exhibit 101 to this report shall not be deemed "filed" or a part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act, and is not filed for purposes of Section 18 of the Securities Exchange Act of 1934, or otherwise subject to the liabilities of those sections.

Copies of this report (including the financial statements) and any of the exhibits referred to above will be furnished at no cost to our shareholders who make a written request to GelTech Solutions, Inc., 1460 Park Lane South, Suite 1, Jupiter, Florida 33458, Attention: Darlene Cordani.

GELTECH SOLUTIONS, INC. AND SUBSIDIARIES

SIGNATURES

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

GELTECH SOLUTIONS, INC.

November 7, 2011

/s/ Michael Cordani

Michael Cordani,
Chief Executive Officer
(Principal Executive Officer)

November 7, 2011

/s/ Michael Hull

Michael Hull,
Chief Financial Officer
(Principal Financial Officer)

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (the "Agreement") entered into as of June 3, 2011, between GelTech Solutions, Inc., a Delaware corporation (the "Company"), and Michael Hull (the "Executive").

WHEREAS, in its business, the Company has acquired and developed certain trade secrets, including, but not limited to, proprietary processes, sales methods and techniques, and other like confidential business and technical information, including but not limited to, technical information, design systems, pricing methods, pricing rates or discounts, processes, procedures, formulas, designs of computer software, or improvements, or any portion or phase thereof, whether patented, or not, or unpatentable, that is of any value whatsoever to the Company, as well as information relating to the Company's products, information concerning proposed new products, market feasibility studies, proposed or existing marketing techniques or plans (whether developed or produced by the Company or by any other person or entity for the Company), other Confidential Information, as defined in Section 8(a), and information about the Company's executives, officers, and directors, which necessarily will be communicated to the Executive by reason of his employment by the Company; and

WHEREAS, the Company has strong and legitimate business interests in preserving and protecting its investment in the Executive, its trade secrets and Confidential Information, and its substantial, significant, or key, relationships with vendors, and Customers, as defined below, whether actual or prospective; and

WHEREAS, the Company desires to preserve and protect its legitimate business interests further by restricting competitive activities of the Executive during the term of this Agreement and for a reasonable time following the termination of this Agreement; and

WHEREAS, the Company desires to employ the Executive and to ensure the continued availability to the Company of the Executive's services, and the Executive is willing to accept such employment and render such services, all upon and subject to the terms and conditions contained in this Agreement.

NOW, THEREFORE, in consideration of the premises and the mutual covenants set forth in this Agreement, and intending to be legally bound, the Company and the Executive agree as follows:

1. Representations and Warranties. The Executive hereby represents and warrants to the Company that he (i) is not subject to any written non-solicitation or non-competition agreement affecting his employment with the Company (other than any prior agreement with the Company), (ii) is not subject to any written confidentiality or nonuse/nondisclosure agreement affecting his employment with the Company (other than any prior agreement with the Company), and (iii) has brought to the Company no trade secrets, confidential business information, documents, or other personal property of a prior employer.

2. Term of Employment.

(a) Term. The Company hereby employs the Executive, and the Executive hereby accepts employment with the Company for a period of three years commencing on the date the Executive elects to become a full-time employee but no later than September 1, 2011 (the "Term").

(b) Continuing Effect. Notwithstanding any termination of this Agreement, at the end of the Term or otherwise, the provisions of Sections 7 and 8 shall remain in full force and effect and the provisions of Section 8 shall be binding upon the legal representatives, successors and assigns of the Executive. Provided, however, if the Executive is terminated without Cause or if he terminates his employment for Good Reason as those terms are defined in Section 6(c), the provisions of Sections 7 and 8 shall not apply except for acts occurring prior to the date of termination.

3. Duties.

(a) General Duties. The Executive shall serve as the Chief Financial Officer of the Company, with duties and responsibilities that are customary for such executives. The Executive shall report to the Chief Executive Officer. The Executive shall also perform services for such subsidiaries of the Company as may be necessary. The Executive shall use his best efforts to perform his duties and discharge his responsibilities pursuant to this Agreement competently, carefully and faithfully. In determining whether or not the Executive has used his best efforts hereunder, the Executive's and the Company's delegation of authority and all surrounding circumstances shall be taken into account and the best efforts of the Executive shall not be judged solely on the Company's earnings or other results of the Executive's performance, except as specifically provided to the contrary by this Agreement.

(b) Devotion of Time. Subject to the last sentence of this Section 3(b), the Executive shall devote all of his time, attention and energies during normal business hours (exclusive of periods of sickness and disability and of such normal holiday and vacation periods as have been established by the Company) to the affairs of the Company. The Executive shall not enter the employ of or serve as a consultant to, or in any way perform any services with or without compensation to, any other persons, business, or organization, without the prior consent of the Board of Directors of the Company (the "Board"). Notwithstanding the above, the Executive shall be permitted to devote a limited amount of his time, without compensation, to professional, charitable or similar organizations.

(c) Location of Office. The Executive's principal business office shall be at the Company's Jupiter, Florida offices. However, the Executive's job responsibilities shall include all business travel necessary to the performance of his job.

(d) Adherence to Inside Information Policies. The Executive acknowledges that the Company is publicly-held and, as a result, has implemented inside information policies designed to preclude its executives and those of its subsidiaries from violating the federal securities laws by trading on material, non-public information or passing such information on to others in breach of any duty owed to the Company, or any third party. The Executive shall promptly execute any agreements generally distributed by the Company to its employees requiring such employees to abide by its inside information policies.

4. Compensation and Expenses.

(a) Salary. For the services of the Executive to be rendered under this Agreement, the Company shall pay the Executive an annual salary of \$146,000 (the "Base Salary"). Any increase of Base Salary shall be based on profitability, positive cash flow or such other factors as the Compensation Committee deems important.

(b) Discretionary Bonus. Following the completion of each fiscal year of the Term, the Compensation Committee shall have the discretion to award the Executive a bonus based upon the Executive's job performance, the Company's revenue growth, positive cash flow, net income before income taxes or other such factors as the Compensation Committee deems important.

(c) Stock Options. Outside of the 2007 Equity Incentive Plan, the Company has granted the Executive 150,000 10-year non-qualified stock options exercisable at \$1.95 per share. Of these options, 50,000 shall vest upon the date on which the Executive becomes a full-time employee and the balance shall vest in six equal increments each June 30th and December 31st beginning December 31, 2011, subject to continued employment on each applicable vesting date. Exercisability of the options shall be subject to the Executive executing and delivering the Company's standard stock option agreement.

(d) Expenses. In addition to any compensation received pursuant to this Section 4, the Company will reimburse or advance funds to the Executive for all reasonable travel, entertainment and miscellaneous expenses incurred in connection with the performance of his duties under this Agreement, provided that the Executive properly provides a written accounting of such expenses to the Company in accordance with the Company's practices. Such reimbursement or advances will be made in accordance with policies and procedures of the Company in effect from time to time relating to reimbursement of, or advances to, its executive officers. Additionally, the Company shall reimburse the Executive for expenses related to remaining an active Certified Public Accountant including the cost of continuing education classes.

5. Benefits.

(a) Paid Time Off. For each 12-month period during the Term, the Executive shall be entitled to three weeks of paid time off (“PTO”) without loss of compensation or other benefits to which he is entitled under this Agreement, to be taken at such times as the Executive may select and the affairs of the Company may permit. All PTO days must be used in the 12-month period and will not be carried over to the next 12 month period. Any unused PTO days will be forfeited without compensation.

(b) Employee Benefit Programs. The Executive is entitled to participate in any pension, 401(k), insurance or other employee benefit plan that is maintained by the Company for its executives, including programs of life and medical insurance and reimbursement of membership fees in professional organizations.

6. Termination.

(a) Death or Disability. Except as otherwise provided in this Agreement, this Agreement shall automatically terminate upon the death or disability of the Executive. For purposes of this Section 6(a), “disability” shall mean (i) the Executive is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death, or last for a continuous period of not less than 12 months; (ii) the Executive is, by reason of any medically determinable physical or mental impairment that can be expected to result in death, or last for continuous period of not less than 12 months, receiving income replacement benefits for a period of not less than three months under an accident and health plan covering employees of the Company; or (iii) the Executive is determined to be totally disabled by the Social Security Administration. Any question as to the existence of a disability shall be determined by the written opinion of the Executive’s regularly attending physician (or his guardian) (or the Social Security Administration, where applicable). In the event that the Executive’s employment is terminated by reason of Executive’s death or disability, the Company shall pay the following to the Executive or his personal representative: (i) any accrued but unpaid Base Salary for services rendered to the date of termination, (ii) any accrued but unpaid expenses required to be reimbursed under this Agreement, (iii) any PTO accrued to the date of termination, (iv) any earned but unpaid bonuses for any prior period and his annual bonus prorated to date of termination (to the extent the Board has set a formula and it can be calculated), and (v) all stock options, restricted stock and restricted stock units previously granted to the Executive shall thereupon become fully vested, and the Executive or his legally appointed guardian, as the case may be, shall have up to one year from the date of termination to exercise all such previously granted options, provided that in no event shall any option be exercisable beyond its term. The Executive (or his estate) shall receive the payments provided herein at such times he would have received them if there was no death or disability. Additionally, if the Executive’s employment is terminated because of disability, the Executive shall receive any benefits (except prerequisites) to which the Executive may be entitled pursuant to Section 5(b) hereof shall continue to be paid or provided by the Company, as the case may be, for one year, subject to the terms of any applicable plan or insurance contract and applicable law.

(b) Termination by the Company for Cause or by the Executive Without Good Reason. The Company may terminate the Executive's employment pursuant to the terms of this Agreement at any time for Cause (as defined below) by giving the Executive written notice of termination. Such termination shall become effective upon the giving of such notice. Upon any such termination for Cause, or in the event the Executive terminates his employment with the Company without "Good Reason," as defined below, then the Executive shall have no right to compensation, or reimbursement under Section 4, or to participate in any Executive benefit programs under Section 5, except as may otherwise be provided for herein or by law, for any period subsequent to the effective date of termination. For purposes of this Agreement, "Cause" shall mean: (i) the Executive is convicted of a felony or misdemeanor or commits a criminal act; (ii) the Executive, in carrying out his duties hereunder, has acted with ordinary negligence, gross negligence or intentional misconduct resulting, in any case, in harm to the Company; (iii) the Executive misappropriates Company funds or otherwise defrauds the Company; (iv) the Executive breaches his fiduciary duty to the Company resulting in profit to him, directly or indirectly; (v) the Executive materially breaches any agreement with the Company; (vi) the Executive breaches any provision of Section 7 or Section 8; (vii) the Executive fails to competently perform his duties under Section 2; (viii) the Executive becomes subject to a preliminary or permanent injunction issued by a United States District Court enjoining the Executive from violating any securities law administered or regulated by the Securities and Exchange Commission; (ix) the Executive becomes subject to a cease and desist order or other order issued by the Securities and Exchange Commission (the "SEC") after an opportunity for a hearing; (x) the Executive has been found to have committed any act or have failed to take any action, which results in the Company's common stock being delisted or not listed for trading on the Over-the-Counter Bulletin Board or a national securities exchange, as applicable; (xi) the Company has been required to restate any of its financial statements filed with the SEC as a result of misconduct of a nature which if a lawsuit were brought by the SEC would result in the Executive being required to clawback one or more bonus payments; (xii) the Executive refuses to carryout a resolution adopted by the Company's Board of Directors at a meeting in which the Executive was offered a reasonable opportunity to argue that the resolution should not be adopted; or (xiii) the Executive suffers from alcoholism or drug addiction or otherwise uses alcohol to excess or uses drugs in any form except strictly in accordance with the recommendation of a physician or dentist.

(c) Termination by the Company Without Cause or Termination by Executive for Good Reason. (i) The Executive may terminate this Agreement for Good Reason (as defined below) or the Company may terminate this Agreement without Cause. In the event the Executive terminates this Agreement for Good Reason, or the Company terminates the Executive without Cause, the Executive shall be entitled to the following: (i) any accrued but unpaid Base Salary for services rendered to the date of termination; (ii) an amount equal to six month's Base Salary; (iii) any accrued but unpaid expenses required to be reimbursed under this Agreement; (iv) any earned but unpaid bonuses and his annual bonus for the current period shall be prorated to the date of termination (to the extent the Board has set a formula and it can be calculated); and (v) all stock options, restricted stock and restricted stock units previously granted to the Executive shall thereupon become fully vested, and the Executive or his legally appointed guardian, as the case may be, shall have up to one year from the date of termination to exercise all such previously granted options, provided that in no event shall any option be exercisable beyond its term. The term "Good Reason" shall mean: (i) a material diminution in the Executive's authority, duties or responsibilities (unless the Executive has agreed to such diminution); or (ii) any other action or inaction that constitutes a material breach by the Company under this Agreement. Prior to the Executive terminating his employment with the Company for Good Reason, Executive must provide written notice to the Company, within 30 days following the initial existence of such condition, that such Good Reason exists and setting forth in detail the grounds the Executive believes constitutes Good Reason. If the Company does not cure the condition(s) constituting Good Reason within 30 days following receipt of such notice, then the Executive's employment shall be deemed terminated for Good Reason. The Executive (or his estate) shall receive the payments provided herein at such times he would have received them if there was no termination.

7. Non-Competition Agreement.

(a) Competition with the Company. Until termination of his employment and for a period of one year commencing on the date of termination, the Executive (individually or in association with, or as a shareholder, director, officer, consultant, employee, partner, joint venturer, member, or otherwise, of or through any person, firm, corporation, partnership, association or other entity) shall not, directly or indirectly, compete with the Company (which for the purpose of this Agreement also includes any of its subsidiaries or affiliates) by acting as an officer (or comparable position) of, owning an interest in, or providing services to any entity within any metropolitan area in the United States or other country in which the Company was actually engaged in business as of the time of termination of employment or where the Company reasonably expected to engage in business within three months of the date of termination of employment. For purposes of this Agreement, the term “compete with the Company” shall refer to any business activity in which the Company was engaged as of the termination of the Executive’s employment or reasonably expected to engage in within three months of termination of employment; provided, however, the foregoing shall not prevent the Executive from (i) accepting employment with an enterprise engaged in two or more lines of business, one of which is the same or similar to the Company’s business (the “Prohibited Business”) if the Executive’s employment is totally unrelated to the Prohibited Business, (ii) competing in a country where as of the time of the alleged violation the Company has ceased engaging in business, or (iii) competing in a line of business which as of the time of the alleged violation the Company has either ceased engaging in or publicly announced or disclosed that it intends to cease engaging in; provided, further, the foregoing shall not prohibit the Executive from owning up to five percent of the securities of any publicly-traded enterprise provided as long as the Executive is not a director, officer, consultant, employee, partner, joint venturer, manager, or member of, or to such enterprise, or otherwise compensated for services rendered thereby.

(b) Solicitation of Customers. During the periods in which the provisions of Section 7(a) shall be in effect, the Executive, directly or indirectly, will not seek nor accept Prohibited Business from any Customer (as defined below) on behalf of any enterprise or business other than the Company, refer Prohibited Business from any Customer to any enterprise or business other than the Company or receive commissions based on sales or otherwise relating to the Prohibited Business from any Customer, or any enterprise or business other than the Company. For purposes of this Agreement, the term “Customer” means any person, firm, corporation, partnership, limited liability company, association or other entity to which the Company or any of its affiliates sold or provided goods or services during the 24-month period prior to the time at which any determination is required to be made as to whether any such person, firm, corporation, partnership, limited liability company, association or other entity is a Customer, or who or which was approached by or who or which has approached an employee of the Company for the purpose of soliciting business from the Company or the third party, as the case may be.

(c) Solicitation of Employees. During the period in which the provisions of Section 7(a) and (b) shall be in effect, the Executive agrees that he shall not, directly or indirectly, request, recommend or advise any employee of the Company to terminate his or her employment with the Company, or solicit for employment or recommend to any third party the solicitation for employment of any person who, at the time of such solicitation, is employed by the Company or any of its subsidiaries and affiliates.

(d) No Payment. The Executive acknowledges and agrees that no separate or additional payment will be required to be made to him in consideration of his undertakings in this Section 7, and confirms he has received adequate consideration for such undertakings.

(e) References. References to the Company in this Section 7 shall include the Company's subsidiaries and affiliates.

8. Non-Disclosure of Confidential Information.

(a) Confidential Information. For purposes of this Agreement, "Confidential Information" includes, but is not limited to, trade secrets, processes, policies, procedures, techniques, designs, drawings, know-how, show-how, technical information, specifications, computer software and source code, information and data relating to the development, research, testing, costs, marketing, and uses of the Products (as defined herein), the Company's budgets and strategic plans, and the identity and special needs of Customers, vendors, and suppliers, subjects and databases, data, and all technology relating to the Company's businesses, systems, methods of operation, and Customer lists, Customer information, solicitation leads, marketing and advertising materials, methods and manuals and forms, all of which pertain to the activities or operations of the Company, the names, home addresses and all telephone numbers and e-mail addresses of the Company's directors, employees, officers, executives, former executives, Customers and former Customers. In addition, Confidential Information also includes Customers and the identity of and telephone numbers, e-mail addresses and other addresses of executives or agents of Customers who are the persons with whom the Company's executives, officers, employees, and agents communicate in the ordinary course of business. Confidential Information also includes, without limitation, Confidential Information received from the Company's subsidiaries and affiliates. For purposes of this Agreement, the following will not constitute Confidential Information (i) information which is or subsequently becomes generally available to the public through no act or fault of the Executive, (ii) information set forth in the written records of the Executive prior to disclosure to the Executive by or on behalf of the Company which information is given to the Company in writing as of or prior to the date of this Agreement, and (iii) information which is lawfully obtained by the Executive in writing from a third party (excluding any affiliates of the Executive) who lawfully acquired the confidential information and who did not acquire such confidential information or trade secret, directly or indirectly, from the Executive or the Company or its subsidiaries or affiliates and who has not breached any duty of confidentiality. As used herein, the term "Products" shall include all products offered for sale and marketed by the Company during the Term and any other products which the Company has taken concrete steps to offer for sale, but has not yet commenced marketing, during or prior to the Term. Products also include any products disclosed in the Company's latest Form 10-K and/or Form S-1 or S-3 (or successor form) filed with the SEC.

(b) Legitimate Business Interests. The Executive recognizes that the Company has legitimate business interests to protect and as a consequence, the Executive agrees to the restrictions contained in this Agreement because they further the Company's legitimate business interests. These legitimate business interests include, but are not limited to (i) trade secrets, (ii) valuable confidential business, technical, and/or professional information that otherwise may not qualify as trade secrets, including, but not limited to, all Confidential Information; (iii) substantial, significant, or key, relationships with specific prospective or existing Customers, vendors or suppliers; (iv) Customer goodwill associated with the Company's business; and (v) specialized training relating to the Company's technology, Products, methods, operations and procedures.

(c) Confidentiality. Following termination of employment, the Confidential Information shall be held by the Executive in the strictest confidence and shall not, without the prior express written consent of the Company, be disclosed to any person other than in connection with the Executive's employment by the Company. The Executive further acknowledges that such Confidential Information as is acquired and used by the Company or its subsidiaries or affiliates is a special, valuable and unique asset. The Executive shall exercise all due and diligent precautions to protect the integrity of the Company's Confidential Information and to keep it confidential whether it is in written form, on electronic media, oral, or otherwise. The Executive shall not copy any Confidential Information except to the extent necessary to his employment nor remove any Confidential Information or copies thereof from the Company's premises except to the extent necessary to his employment and then only with the authorization of an officer of the Company (excluding the Executive). All records, files, materials and other Confidential Information obtained by the Executive in the course of his employment with the Company are confidential and proprietary and shall remain the exclusive property of the Company, its Customers, or subjects, as the case may be. The Executive shall not, except in connection with and as required by his performance of his duties under this Agreement, for any reason use for his own benefit or the benefit of any person or entity with which he may be associated or disclose any such Confidential Information to any person, firm, corporation, association or other entity for any reason or purpose whatsoever without the prior express written consent of an executive officer of the Company (excluding the Executive).

9. Equitable Relief.

(a) The Company and the Executive recognize that the services to be rendered under this Agreement by the Executive are special, unique and of extraordinary character, and that in the event of the breach by the Executive of the terms and conditions of this Agreement or if the Executive, without the prior express consent of the Board, shall leave his employment for any reason and take any action in violation of Section 7 and/or Section 8, the Company shall be entitled to institute and prosecute proceedings in any court of competent jurisdiction referred to in Section 9(b) below, to enjoin the Executive from breaching the provisions of Section 7 and/or Section 8. In such action, the Company shall not be required to plead or prove irreparable harm or lack of an adequate remedy at law or post a bond or any security.

(b) Any action must be commenced in Palm Beach County, Florida. The Executive and the Company irrevocably and unconditionally submit to the exclusive jurisdiction of such courts and agree to take any and all future action necessary to submit to the jurisdiction of such courts. The Executive and the Company irrevocably waive any objection that they now have or hereafter may have to the laying of venue of any suit, action or proceeding brought in any such court and further irrevocably waive any claim that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum. Final judgment against the Executive or the Company in any such suit shall be conclusive and may be enforced in other jurisdictions by suit on the judgment, a certified or true copy of which shall be conclusive evidence of the fact and the amount of any liability of the Executive or the Company therein described, or by appropriate proceedings under any applicable treaty or otherwise.

10. Conflicts of Interest. While employed by the Company, the Executive shall not, unless approved by the Compensation Committee of the Board, directly or indirectly:

(a) participate as an individual in any way in the benefits of transactions with any of the Company's suppliers, vendors, Customers, or subjects, including, without limitation, having a financial interest in the Company's suppliers, vendors, Customers, or subjects, or making loans to, or receiving loans, from, the Company's suppliers, vendors, Customers, or subjects;

(b) realize a personal gain or advantage from a transaction in which the Company has an interest or use information obtained in connection with the Executive's employment with the Company for the Executive's personal advantage or gain; or

(c) accept any offer to serve as an officer, director, partner, consultant, manager with, or to be employed in a professional, medical, technical, or managerial capacity by, a person or entity which does business with the Company.

11. Inventions, Ideas, Processes, and Designs. All inventions, ideas, processes, programs, software, and designs (including all improvements) (i) conceived or made by the Executive during the course of his employment with the Company (whether or not actually conceived during regular business hours) and for a period of six months subsequent to the termination (whether by expiration of the Term or otherwise) of such employment with the Company and (ii) related to the business of the Company, shall be disclosed in writing promptly to the Company and shall be the sole and exclusive property of the Company. An invention, idea, process, program, software, or design including an improvement) shall be deemed related to the business of the Company if (a) it was made with the Company's funds, personnel, equipment, supplies, facilities, or Confidential Information, (b) results from work performed by the Executive for the Company, or (c) pertains to the current business or demonstrably anticipated research or development work of the Company. The Executive shall cooperate with the Company and its attorneys in the preparation of patent and copyright applications for such developments and, upon request, shall promptly assign all such inventions, ideas, processes, and designs to the Company. The decision to file for patent or copyright protection or to maintain such development as a trade secret, or otherwise, shall be in the sole discretion of the Company, and the Executive shall be bound by such decision. If applicable, the Executive shall provide as a schedule to this Employment Agreement, a complete list of all inventions, ideas, processes, and designs, if any, patented or unpatented, copyrighted or otherwise, or non-copyrighted, including a brief description, which he made or conceived prior to his employment with the Company and which therefore are excluded from the scope of this Agreement. References to the Company in this Section shall include the Company, its subsidiaries and affiliates.

12. Indebtedness. If, during the course of the Executive's employment under this Agreement, the Executive becomes indebted to the Company for any reason, the Company may, if it so elects, set off any sum due to the Company from the Executive and collect any remaining balance from the Executive unless the Executive has entered into a written agreement with the Company.

13. Assignability. The rights and obligations of the Company under this Agreement shall inure to the benefit of and be binding upon the successors and assigns of the Company, provided that such successor or assign shall acquire all or substantially all of the securities or assets and business of the Company. The Executive's obligations hereunder may not be assigned or alienated and any attempt to do so by the Executive will be void.

14. Severability.

(a) The Executive expressly agrees that the character, duration and geographical scope of the non-competition provisions set forth in this Agreement are reasonable in light of the circumstances as they exist on the date hereof. Should a decision, however, be made at a later date by a court of competent jurisdiction that the character, duration or geographical scope of such provisions is unreasonable, then it is the intention and the agreement of the Executive and the Company that this Agreement shall be construed by the court in such a manner as to impose only those restrictions on the Executive's conduct that are reasonable in the light of the circumstances and as are necessary to assure to the Company the benefits of this Agreement. If, in any judicial proceeding, a court shall refuse to enforce all of the separate covenants deemed included herein because taken together they are more extensive than necessary to assure to the Company the intended benefits of this Agreement, it is expressly understood and agreed by the parties hereto that the provisions of this Agreement that, if eliminated, would permit the remaining separate provisions to be enforced in such proceeding shall be deemed eliminated, for the purposes of such proceeding, from this Agreement.

(b) If any provision of this Agreement otherwise is deemed to be invalid or unenforceable or is prohibited by the laws of the state or jurisdiction where it is to be performed, this Agreement shall be considered divisible as to such provision and such provision shall be inoperative in such state or jurisdiction and shall not be part of the consideration moving from either of the parties to the other. The remaining provisions of this Agreement shall be valid and binding and of like effect as though such provisions were not included.

15. Notices and Addresses. All notices, offers, acceptance and any other acts under this Agreement (except payment) shall be in writing, and shall be sufficiently given if delivered to the addressees in person, by FedEx or similar receipted delivery, or next business day delivery, or by facsimile or e-mail delivery (in which event a copy shall immediately be sent by FedEx or similar receipted delivery), as follows:

To the Company:

GelTech Solutions, Inc.
1460 Park Lane South, Suite 1
Jupiter, FL 33458
Email: mcordani@geltechsolutions.com
Facsimile: (561) 427-6182

With a Copy to:

Harris Cramer LLP
3507 Kyoto Gardens Drive
Suite 320
Palm Beach Gardens, FL 33410
Email: mharris@harrisramer.com
Facsimile (561) 659-0701
Attention: Michael D. Harris, Esq.

To the Executive:

Michael Hull
GelTech Solutions, Inc.
460 Park Lane South, Suite 1
Jupiter, FL 33458
Email: mhull@geltechsolutions.com
Facsimile: (561) 427-6182

or to such other address or facsimile number, as either of them, by notice to the other may designate from time to time. The transmission confirmation receipt from the sender's facsimile machine shall be evidence of successful facsimile delivery.

16. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument. The execution of this Agreement may be by actual or facsimile signature.

17. Attorneys' Fees. In the event that there is any controversy or claim arising out of or relating to this Agreement, or to the interpretation, breach or enforcement thereof, and any action or proceeding is commenced to enforce the provisions of this Agreement, the prevailing party shall be entitled to reasonable attorneys' fees, costs and expenses (including such fees and costs on appeal).

18. Governing Law. This Agreement and any dispute, disagreement, or issue of construction or interpretation arising hereunder whether relating to its execution, its validity, the obligations provided therein or performance shall be governed or interpreted according to the internal laws of the State of Florida without regard to choice of law considerations.

19. Entire Agreement. This Agreement constitutes the entire Agreement between the parties and supersedes all prior oral and written agreements between the parties hereto with respect to the subject matter hereof. Neither this Agreement nor any provision hereof may be changed, waived, discharged or terminated orally, except by a statement in writing signed by the party or parties against which enforcement or the change, waiver discharge or termination is sought.

20. Additional Documents. The parties hereto shall execute such additional instruments as may be reasonably required by their counsel in order to carry out the purpose and intent of this Agreement and to fulfill the obligations of the parties hereunder.

21. Section and Paragraph Headings. The section and paragraph headings in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement.

22. Arbitration. Except for a claim for equitable relief, any controversy, dispute or claim arising out of or relating to this Agreement, or its interpretation, application, implementation, breach or enforcement which the parties are unable to resolve by mutual agreement, shall be settled by submission by either party of the controversy, claim or dispute to binding arbitration in Palm Beach County, Florida (unless the parties agree in writing to a different location), before one arbitrator in accordance with the rules of the American Arbitration Association then in effect. In any such arbitration proceeding the parties agree to provide all discovery deemed necessary by the arbitrator. The decision and award made by the arbitrator shall be final, binding and conclusive on all parties hereto for all purposes, and judgment may be entered thereon in any court having jurisdiction thereof.

23. Sarbanes-Oxley Act of 2002.

(a) In the event the Executive or the Company is the subject of an investigation (whether criminal, civil, or administrative) involving possible violations of the United States federal securities laws by the Executive, the Compensation Committee or the Board may, in its sole discretion, direct the Company to withhold any and all payments to the Executive (whether compensation or otherwise) which would have otherwise been made pursuant to this Agreement or otherwise would have been paid or payable by the Company, which the Compensation Committee or the Board believes, in its sole discretion, may or could be considered an “extraordinary payment” and therefore at risk and potentially subject to, the provisions of Section 1103 of the Sarbanes-Oxley Act of 2002 (“SOX”) (including, but not limited to, any severance payments made to the Executive upon termination of employment). The withholding of any payment shall be until such time as the investigation is concluded, without charges having been brought or until the successful conclusion of any legal proceedings brought in connection with such amounts as directed by the Compensation Committee or the Board to be withheld with or without the accruing of interest (and if with interest the rate thereof). Except by an admission of wrongdoing or the final adjudication by a court or administrative agency finding the Executive liable for or guilty of violating any of the federal securities laws, rules or regulations, the Compensation Committee or the Board shall pay to the Executive such compensation or other payments. Notwithstanding the exclusion caused by the first clause of the prior sentence, the Executive shall receive such payments if provided for by a court or other administrative order.

(b) In the event that the Company restates any financial statements which have been contained in reports or registration statements filed with the SEC, and the restatement of the prior financial statements is as the result of material noncompliance with any financial reporting requirement under the securities laws, the Executive hereby acknowledges that the Company shall recover from the Executive (i) incentive based compensation (including stock options) awarded during the three year period preceding the date on which the Company is required to prepare the restatement (ii) in excess of what would have been paid the Executive under the restatement. Any rules passed by the Securities and Exchange Commission under Section 10D of the Securities Exchange Act of 1934 (added by Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act) shall be incorporated in this Agreement to the extent applicable. The Executive agrees to reimburse the Company for any bonuses received and/or profits realized from the sale of the Company's securities (including the cash received from exercise of any options (or other awards of stock rights) during the 12-month period following the first public issuance or filing with the SEC of the report or registration statement (whichever comes first) containing the financial information required to be restated. Provided, however, this Section shall not impose any liability on the Executive beyond any liability that is imposed under Section 304 of SOX.

(c) Notwithstanding the last sentence of Section 23(b), if the Company's common stock is listed on a national securities exchange and such exchange adopts rules requiring clawbacks beyond what Section 304 of SOX requires, such rules shall be incorporated in this Agreement to the extent applicable and the Executive shall comply with such rules, including but not limited to executing any amendment to this Agreement.

24. Section 409A.

(a) Notwithstanding anything to the contrary contained in this Agreement, if at the time of the Executive's separation from service within the meaning of Section 409A of the Code, the Company determines that the Executive is a "specified employee" within the meaning of Section 409A(a)(2)(B)(i) of the Code, then to the extent any payment or benefit that the Executive becomes entitled to under this Agreement on account of the Executive's separation from service would be considered deferred compensation subject to the 20% additional tax imposed pursuant to Section 409A(a) of the Code as a result of the application of Section 409A(a)(2)(B)(i) of the Code, such payment shall not be payable and such benefit shall not be provided until the date that is the earlier of (i) six months and one day after the Executive's separation from service, or (ii) the Executive's death (the "Six Month Delay Rule").

(b) For purposes of this Section 24, amounts payable under the Agreement should not be considered a deferral of compensation subject to Section 409A to the extent provided in Treasury Regulation Section 1.409A-1(b)(4) (i.e., short-term deferrals), Treasury Regulation Section 1.409A-1(b)(9) (i.e., separation pay plans, including the exception under subparagraph (iii)), and other applicable provisions of Treasury Regulations Sections 1.409A-1 through A-6.

(c) To the extent that the Six Month Delay Rule applies to payments otherwise payable on an installment basis, the first payment shall include a catch-up payment covering amounts that would otherwise have been paid during the six-month period but for the application of the Six Month Delay Rule, and the balance of the installments shall be payable in accordance with their original schedule.

(d) To the extent that the Six Month Delay Rule applies to the provision of benefits (including, but not limited to, life insurance and medical insurance), such benefit coverage shall nonetheless be provided to the Executive during the first six months following his separation from service (the "Six Month Period"), provided that, during such Six-Month Period, the Executive pays to the Company, on a monthly basis in advance, an amount equal to the Monthly Cost (as defined below) of such benefit coverage. The Company shall reimburse the Executive for any such payments made by the Executive in a lump sum not later than 30 days following the sixth month anniversary of the Executive's separation from service. For purposes of this subparagraph, "Monthly Cost" means the minimum dollar amount which, if paid by the Executive on a monthly basis in advance, results in the Executive not being required to recognize any federal income tax on receipt of the benefit coverage during the Six Month Period.

(e) The parties intend that this Agreement will be administered in accordance with Section 409A of the Code. To the extent that any provision of this Agreement is ambiguous as to its compliance with Section 409A of the Code, the provision shall be read in such a manner so that all payments hereunder comply with Section 409A of the Code. The parties agree that this Agreement may be amended, as reasonably requested by either party, and as may be necessary to fully comply with Section 409A of the Code and all related rules and regulations in order to preserve the payments and benefits provided hereunder without additional cost to either party.

(f) The Company makes no representation or warranty and shall have no liability to the Executive or any other person if any provisions of this Agreement are determined to constitute deferred compensation subject to Section 409A of the Code but do not satisfy an exemption from, or the conditions of, such Section.

Signature Page To Follow

IN WITNESS WHEREOF, the Company and the Executive have executed this Agreement as of the date and year first above written.

GelTech Solutions, Inc.

By: _____
Michael Cordani, Chief Executive Officer

Executive: _____
Michael Hull, Chief Financial Officer

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (the "Agreement") entered into as of March 10, 2011, between GelTech Solutions, Inc., a Delaware corporation (the "Company"), and Michael Cordani (the "Executive").

WHEREAS, in its business, the Company has acquired and developed certain trade secrets, including, but not limited to, proprietary processes, sales methods and techniques, and other like confidential business and technical information, including but not limited to, technical information, design systems, pricing methods, pricing rates or discounts, processes, procedures, formulas, designs of computer software, or improvements, or any portion or phase thereof, whether patented, or not, or unpatentable, that is of any value whatsoever to the Company, as well as information relating to the Company's products, information concerning proposed new products, market feasibility studies, proposed or existing marketing techniques or plans (whether developed or produced by the Company or by any other person or entity for the Company), other Confidential Information, as defined in Section 8(a), and information about the Company's executives, officers, and directors, which necessarily will be communicated to the Executive by reason of his employment by the Company; and

WHEREAS, the Company has strong and legitimate business interests in preserving and protecting its investment in the Executive, its trade secrets and Confidential Information, and its substantial, significant, or key, relationships with vendors, and Customers, as defined below, whether actual or prospective; and

WHEREAS, the Company desires to preserve and protect its legitimate business interests further by restricting competitive activities of the Executive during the term of this Agreement and for a reasonable time following the termination of this Agreement; and

WHEREAS, the Company desires to employ the Executive and to ensure the continued availability to the Company of the Executive's services, and the Executive is willing to accept such employment and render such services, all upon and subject to the terms and conditions contained in this Agreement.

NOW, THEREFORE, in consideration of the premises and the mutual covenants set forth in this Agreement, and intending to be legally bound, the Company and the Executive agree as follows:

1. Representations and Warranties. The Executive hereby represents and warrants to the Company that he (i) is not subject to any written non-solicitation or non-competition agreement affecting his employment with the Company (other than any prior agreement with the Company), (ii) is not subject to any written confidentiality or nonuse/nondisclosure agreement affecting his employment with the Company (other than any prior agreement with the Company), and (iii) has brought to the Company no trade secrets, confidential business information, documents, or other personal property of a prior employer.

2. Term of Employment.

(a) Term. The Company hereby employs the Executive, and the Executive hereby accepts employment with the Company for a period of three years commencing as of the date of this Agreement (the "Term").

(b) Continuing Effect. Notwithstanding any termination of this Agreement, at the end of the Term or otherwise, the provisions of Sections 7 and 8 shall remain in full force and effect and the provisions of Section 8 shall be binding upon the legal representatives, successors and assigns of the Executive. Provided, however, if the Executive is terminated without Cause or if he terminates his employment for Good Reason as those terms are defined in Section 6(c), the provisions of Sections 7 and 8 shall not apply except for acts occurring prior to the date of termination.

3. Duties.

(a) General Duties. The Executive shall serve as the Chief Executive Officer of the Company, with duties and responsibilities that are customary for such executives. The Executive shall report to the Chief Executive Officer. The Executive shall also perform services for such subsidiaries of the Company as may be necessary. The Executive shall use his best efforts to perform his duties and discharge his responsibilities pursuant to this Agreement competently, carefully and faithfully. In determining whether or not the Executive has used his best efforts hereunder, the Executive's and the Company's delegation of authority and all surrounding circumstances shall be taken into account and the best efforts of the Executive shall not be judged solely on the Company's earnings or other results of the Executive's performance, except as specifically provided to the contrary by this Agreement.

(b) Devotion of Time. Subject to the last sentence of this Section 3(b), the Executive shall devote all of his time, attention and energies during normal business hours (exclusive of periods of sickness and disability and of such normal holiday and vacation periods as have been established by the Company) to the affairs of the Company. The Executive shall not enter the employ of or serve as a consultant to, or in any way perform any services with or without compensation to, any other persons, business, or organization, without the prior consent of the Board of Directors of the Company (the "Board"). Notwithstanding the above, the Executive shall be permitted to devote a limited amount of his time, without compensation, to professional, charitable or similar organizations.

(c) Location of Office. The Executive's principal business office shall be at the Company's Jupiter, Florida offices. However, the Executive's job responsibilities shall include all business travel necessary to the performance of his job.

(d) Adherence to Inside Information Policies. The Executive acknowledges that the Company is publicly-held and, as a result, has implemented inside information policies designed to preclude its executives and those of its subsidiaries from violating the federal securities laws by trading on material, non-public information or passing such information on to others in breach of any duty owed to the Company, or any third party. The Executive shall promptly execute any agreements generally distributed by the Company to its employees requiring such employees to abide by its inside information policies.

4. Compensation and Expenses.

(a) Salary. For the services of the Executive to be rendered under this Agreement, the Company shall pay the Executive an annual salary of \$150,000 (the "Base Salary"). Prior to the end of each 12-month period of the Term, the Compensation Committee of the Board of Directors (the "Compensation Committee") shall have the authority to increase the Executive's Base Salary for the succeeding 12-month period with target salaries of \$200,000 for the 12-month periods from the date of this agreement ending in 2012 and \$225,000 in 2013. Any increase of Base Salary shall be based on profitability, positive cash flow or such other factors as the Compensation Committee deems important.

(b) Discretionary Bonus. Following the completion of each fiscal year of the Term, the Compensation Committee shall have the discretion to award the Executive a bonus based upon the Executive's job performance, the Company's revenue growth, positive cash flow, net income before income taxes or other such factors as the Compensation Committee deems important. The target bonus shall be \$125,000 for 2011, \$150,000 for 2012 and \$175,000 for 2013. The specific criteria shall be set annually by the Compensation Committee.

(c) Stock Options. Under the 2007 Equity Incentive Plan, the Company has granted the Executive 250,000 10-year non-qualified stock options exercisable at \$1.25 per share. The options shall vest annually in three equal increments subject to meeting certain budgeted revenue targets which shall be set by the Compensation Committee and further subject to continued employment on each applicable vesting date. Exercisability of the options shall be subject to the Executive executing and delivering the Company's standard stock option agreement.

(d) Expenses. In addition to any compensation received pursuant to this Section 4, the Company will reimburse or advance funds to the Executive for all reasonable travel, entertainment and miscellaneous expenses incurred in connection with the performance of his duties under this Agreement, provided that the Executive properly provides a written accounting of such expenses to the Company in accordance with the Company's practices. Such reimbursement or advances will be made in accordance with policies and procedures of the Company in effect from time to time relating to reimbursement of, or advances to, its executive officers.

5. Benefits.

(a) Vacation. For each 12-month period during the Term, the Executive shall be entitled to four weeks of vacation without loss of compensation or other benefits to which he is entitled under this Agreement, to be taken at such times as the Executive may select and the affairs of the Company may permit. All vacation days must be used in the 12-month period and will not be carried over to the next 12 month period. Any unused vacation days will be forfeited without compensation. The Executive shall be entitled to a number of sick days each year in amounts consistent with the Company's policy for employees.

(b) Employee Benefit Programs. The Executive is entitled to participate in any pension, 401(k), insurance or other employee benefit plan that is maintained by the Company for its executives, including programs of life and medical insurance and reimbursement of membership fees in professional organizations.

6. Termination.

(a) Death or Disability. Except as otherwise provided in this Agreement, this Agreement shall automatically terminate upon the death or disability of the Executive. For purposes of this Section 6(a), "disability" shall mean (i) the Executive is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death, or last for a continuous period of not less than 12 months; (ii) the Executive is, by reason of any medically determinable physical or mental impairment that can be expected to result in death, or last for continuous period of not less than 12 months, receiving income replacement benefits for a period of not less than three months under an accident and health plan covering employees of the Company; or (iii) the Executive is determined to be totally disabled by the Social Security Administration. Any question as to the existence of a disability shall be determined by the written opinion of the Executive's regularly attending physician (or his guardian) (or the Social Security Administration, where applicable). In the event that the Executive's employment is terminated by reason of Executive's death or disability, the Company shall pay the following to the Executive or his personal representative: (i) any accrued but unpaid Base Salary for services rendered to the date of termination, (ii) any accrued but unpaid expenses required to be reimbursed under this Agreement, (iii) any earned but unpaid bonuses for any prior period and his annual bonus prorated to date of termination (to the extent the Board has set a formula and it can be calculated), and (iv) all stock options, restricted stock and restricted stock units previously granted to the Executive shall thereupon become fully vested, and the Executive or his legally appointed guardian, as the case may be, shall have up to one year from the date of termination to exercise all such previously granted options, provided that in no event shall any option be exercisable beyond its term. The Executive (or his estate) shall receive the payments provided herein at such times he would have received them if there was no death or disability. Additionally, if the Executive's employment is terminated because of disability, the Executive shall receive any benefits (except perquisites) to which the Executive may be entitled pursuant to Section 5(b) hereof shall continue to be paid or provided by the Company, as the case may be, for one year, subject to the terms of any applicable plan or insurance contract and applicable law.

(b) Termination by the Company for Cause or by the Executive Without Good Reason. The Company may terminate the Executive's employment pursuant to the terms of this Agreement at any time for Cause (as defined below) by giving the Executive written notice of termination. Such termination shall become effective upon the giving of such notice. Upon any such termination for Cause, or in the event the Executive terminates his employment with the Company without "Good Reason," as defined below, then the Executive shall have no right to compensation, or reimbursement under Section 4, or to participate in any Executive benefit programs under Section 5, except as may otherwise be provided for herein or by law, for any period subsequent to the effective date of termination. For purposes of this Agreement, "Cause" shall mean: (i) the Executive is convicted of a felony or misdemeanor or commits a criminal act; (ii) the Executive, in carrying out his duties hereunder, has acted with ordinary negligence, gross negligence or intentional misconduct resulting, in any case, in harm to the Company; (iii) the Executive misappropriates Company funds or otherwise defrauds the Company; (iv) the Executive breaches his fiduciary duty to the Company resulting in profit to him, directly or indirectly; (v) the Executive materially breaches any agreement with the Company; (vi) the Executive breaches any provision of Section 7 or Section 8; (vii) the Executive becomes subject to a preliminary or permanent injunction issued by a United States District Court enjoining the Executive from violating any securities law administered or regulated by the Securities and Exchange Commission; (viii) the Executive becomes subject to a cease and desist order or other order issued by the Securities and Exchange Commission (the "SEC") after an opportunity for a hearing; (ix) the Executive has been found to have committed any act or have failed to take any action, which results in the Company's common stock being delisted or not listed for trading on the Over-the-Counter Bulletin Board or a national securities exchange, as applicable; (x) the Company has been required to restate any of its financial statements filed with the SEC as a result of misconduct of a nature which if a lawsuit were brought by the SEC would result in the Executive being required to clawback one or more bonus payments; (xi) the Executive refuses to carryout a resolution adopted by the Company's Board of Directors at a meeting in which the Executive was offered a reasonable opportunity to argue that the resolution should not be adopted; or (xii) the Executive suffers from alcoholism or drug addiction or otherwise uses alcohol to excess or uses drugs in any form except strictly in accordance with the recommendation of a physician or dentist.

(c) Termination by the Company Without Cause or Termination by Executive for Good Reason. (i) The Executive may terminate this Agreement for Good Reason (as defined below) or the Company may terminate this Agreement without Cause. In the event the Executive terminates this Agreement for Good Reason, or the Company terminates the Executive without Cause, the Executive shall be entitled to the following: (i) any accrued but unpaid Base Salary for services rendered to the date of termination; (ii) an amount equal to 12 month's Base Salary; (iii) any accrued but unpaid expenses required to be reimbursed under this Agreement; (iv) any earned but unpaid bonuses, his annual bonus for the current period shall be prorated to the date of termination (to the extent the Board has set a formula and it can be calculated); and (v) all stock options, restricted stock and restricted stock units previously granted to the Executive shall thereupon become fully vested, and the Executive or his legally appointed guardian, as the case may be, shall have up to one year from the date of termination to exercise all such previously granted options, provided that in no event shall any option be exercisable beyond its term. The term "Good Reason" shall mean: (i) a material diminution in the Executive's authority, duties or responsibilities (unless the Executive has agreed to such diminution); or (ii) any other action or inaction that constitutes a material breach by the Company under this Agreement. Prior to the Executive terminating his employment with the Company for Good Reason, Executive must provide written notice to the Company, within 30 days following the initial existence of such condition, that such Good Reason exists and setting forth in detail the grounds the Executive believes constitutes Good Reason. If the Company does not cure the condition(s) constituting Good Reason within 30 days following receipt of such notice, then the Executive's employment shall be deemed terminated for Good Reason. The Executive (or his estate) shall receive the payments provided herein at such times he would have received them if there was no termination.

7. Non-Competition Agreement.

(a) Competition with the Company. Until termination of his employment and for a period of one year commencing on the date of termination, the Executive (individually or in association with, or as a shareholder, director, officer, consultant, employee, partner, joint venturer, member, or otherwise, of or through any person, firm, corporation, partnership, association or other entity) shall not, directly or indirectly, compete with the Company (which for the purpose of this Agreement also includes any of its subsidiaries or affiliates) by acting as an officer (or comparable position) of, owning an interest in, or providing services to any entity within any metropolitan area in the United States or other country in which the Company was actually engaged in business as of the time of termination of employment or where the Company reasonably expected to engage in business within three months of the date of termination of employment. For purposes of this Agreement, the term “compete with the Company” shall refer to any business activity in which the Company was engaged as of the termination of the Executive’s employment or reasonably expected to engage in within three months of termination of employment; provided, however, the foregoing shall not prevent the Executive from (i) accepting employment with an enterprise engaged in two or more lines of business, one of which is the same or similar to the Company’s business (the “Prohibited Business”) if the Executive’s employment is totally unrelated to the Prohibited Business, (ii) competing in a country where as of the time of the alleged violation the Company has ceased engaging in business, or (iii) competing in a line of business which as of the time of the alleged violation the Company has either ceased engaging in or publicly announced or disclosed that it intends to cease engaging in; provided, further, the foregoing shall not prohibit the Executive from owning up to five percent of the securities of any publicly-traded enterprise provided as long as the Executive is not a director, officer, consultant, employee, partner, joint venturer, manager, or member of, or to such enterprise, or otherwise compensated for services rendered thereby.

(b) Solicitation of Customers. During the periods in which the provisions of Section 7(a) shall be in effect, the Executive, directly or indirectly, will not seek nor accept Prohibited Business from any Customer (as defined below) on behalf of any enterprise or business other than the Company, refer Prohibited Business from any Customer to any enterprise or business other than the Company or receive commissions based on sales or otherwise relating to the Prohibited Business from any Customer, or any enterprise or business other than the Company. For purposes of this Agreement, the term “Customer” means any person, firm, corporation, partnership, limited liability company, association or other entity to which the Company or any of its affiliates sold or provided goods or services during the 24-month period prior to the time at which any determination is required to be made as to whether any such person, firm, corporation, partnership, limited liability company, association or other entity is a Customer, or who or which was approached by or who or which has approached an employee of the Company for the purpose of soliciting business from the Company or the third party, as the case may be.

(c) Solicitation of Employees. During the period in which the provisions of Section 7(a) and (b) shall be in effect, the Executive agrees that he shall not, directly or indirectly, request, recommend or advise any employee of the Company to terminate his or her employment with the Company, or solicit for employment or recommend to any third party the solicitation for employment of any person who, at the time of such solicitation, is employed by the Company or any of its subsidiaries and affiliates.

(d) No Payment. The Executive acknowledges and agrees that no separate or additional payment will be required to be made to him in consideration of his undertakings in this Section 7, and confirms he has received adequate consideration for such undertakings.

(e) References. References to the Company in this Section 7 shall include the Company's subsidiaries and affiliates.

8. Non-Disclosure of Confidential Information.

(a) Confidential Information. For purposes of this Agreement, "Confidential Information" includes, but is not limited to, trade secrets, processes, policies, procedures, techniques, designs, drawings, know-how, show-how, technical information, specifications, computer software and source code, information and data relating to the development, research, testing, costs, marketing, and uses of the Products (as defined herein), the Company's budgets and strategic plans, and the identity and special needs of Customers, vendors, and suppliers, subjects and databases, data, and all technology relating to the Company's businesses, systems, methods of operation, and Customer lists, Customer information, solicitation leads, marketing and advertising materials, methods and manuals and forms, all of which pertain to the activities or operations of the Company, the names, home addresses and all telephone numbers and e-mail addresses of the Company's directors, employees, officers, executives, former executives, Customers and former Customers. In addition, Confidential Information also includes Customers and the identity of and telephone numbers, e-mail addresses and other addresses of executives or agents of Customers who are the persons with whom the Company's executives, officers, employees, and agents communicate in the ordinary course of business. Confidential Information also includes, without limitation, Confidential Information received from the Company's subsidiaries and affiliates. For purposes of this Agreement, the following will not constitute Confidential Information (i) information which is or subsequently becomes generally available to the public through no act or fault of the Executive, (ii) information set forth in the written records of the Executive prior to disclosure to the Executive by or on behalf of the Company which information is given to the Company in writing as of or prior to the date of this Agreement, and (iii) information which is lawfully obtained by the Executive in writing from a third party (excluding any affiliates of the Executive) who lawfully acquired the confidential information and who did not acquire such confidential information or trade secret, directly or indirectly, from the Executive or the Company or its subsidiaries or affiliates and who has not breached any duty of confidentiality. As used herein, the term "Products" shall include all products offered for sale and marketed by the Company during the Term and any other products which the Company has taken concrete steps to offer for sale, but has not yet commenced marketing, during or prior to the Term. Products also include any products disclosed in the Company's latest Form 10-K and/or Form S-1 or S-3 (or successor form) filed with the SEC.

(b) Legitimate Business Interests. The Executive recognizes that the Company has legitimate business interests to protect and as a consequence, the Executive agrees to the restrictions contained in this Agreement because they further the Company's legitimate business interests. These legitimate business interests include, but are not limited to (i) trade secrets, (ii) valuable confidential business, technical, and/or professional information that otherwise may not qualify as trade secrets, including, but not limited to, all Confidential Information; (iii) substantial, significant, or key, relationships with specific prospective or existing Customers, vendors or suppliers; (iv) Customer goodwill associated with the Company's business; and (v) specialized training relating to the Company's technology, Products, methods, operations and procedures.

(c) Confidentiality. Following termination of employment, the Confidential Information shall be held by the Executive in the strictest confidence and shall not, without the prior express written consent of the Company, be disclosed to any person other than in connection with the Executive's employment by the Company. The Executive further acknowledges that such Confidential Information as is acquired and used by the Company or its subsidiaries or affiliates is a special, valuable and unique asset. The Executive shall exercise all due and diligent precautions to protect the integrity of the Company's Confidential Information and to keep it confidential whether it is in written form, on electronic media, oral, or otherwise. The Executive shall not copy any Confidential Information except to the extent necessary to his employment nor remove any Confidential Information or copies thereof from the Company's premises except to the extent necessary to his employment and then only with the authorization of an officer of the Company (excluding the Executive). All records, files, materials and other Confidential Information obtained by the Executive in the course of his employment with the Company are confidential and proprietary and shall remain the exclusive property of the Company, its Customers, or subjects, as the case may be. The Executive shall not, except in connection with and as required by his performance of his duties under this Agreement, for any reason use for his own benefit or the benefit of any person or entity with which he may be associated or disclose any such Confidential Information to any person, firm, corporation, association or other entity for any reason or purpose whatsoever without the prior express written consent of an executive officer of the Company (excluding the Executive).

9. Equitable Relief.

(a) The Company and the Executive recognize that the services to be rendered under this Agreement by the Executive are special, unique and of extraordinary character, and that in the event of the breach by the Executive of the terms and conditions of this Agreement or if the Executive, without the prior express consent of the Board, shall leave his employment for any reason and take any action in violation of Section 7 and/or Section 8, the Company shall be entitled to institute and prosecute proceedings in any court of competent jurisdiction referred to in Section 9(b) below, to enjoin the Executive from breaching the provisions of Section 7 and/or Section 8. In such action, the Company shall not be required to plead or prove irreparable harm or lack of an adequate remedy at law or post a bond or any security.

(b) Any action must be commenced in Palm Beach County, Florida. The Executive and the Company irrevocably and unconditionally submit to the exclusive jurisdiction of such courts and agree to take any and all future action necessary to submit to the jurisdiction of such courts. The Executive and the Company irrevocably waive any objection that they now have or hereafter may have to the laying of venue of any suit, action or proceeding brought in any such court and further irrevocably waive any claim that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum. Final judgment against the Executive or the Company in any such suit shall be conclusive and may be enforced in other jurisdictions by suit on the judgment, a certified or true copy of which shall be conclusive evidence of the fact and the amount of any liability of the Executive or the Company therein described, or by appropriate proceedings under any applicable treaty or otherwise.

10. Conflicts of Interest. While employed by the Company, the Executive shall not, unless approved by the Compensation Committee of the Board, directly or indirectly:

(a) participate as an individual in any way in the benefits of transactions with any of the Company's suppliers, vendors, Customers, or subjects, including, without limitation, having a financial interest in the Company's suppliers, vendors, Customers, or subjects, or making loans to, or receiving loans, from, the Company's suppliers, vendors, Customers, or subjects;

(b) realize a personal gain or advantage from a transaction in which the Company has an interest or use information obtained in connection with the Executive's employment with the Company for the Executive's personal advantage or gain; or

(c) accept any offer to serve as an officer, director, partner, consultant, manager with, or to be employed in a professional, medical, technical, or managerial capacity by, a person or entity which does business with the Company.

11. Inventions, Ideas, Processes, and Designs. All inventions, ideas, processes, programs, software, and designs (including all improvements) (i) conceived or made by the Executive during the course of his employment with the Company (whether or not actually conceived during regular business hours) and for a period of six months subsequent to the termination (whether by expiration of the Term or otherwise) of such employment with the Company and (ii) related to the business of the Company, shall be disclosed in writing promptly to the Company and shall be the sole and exclusive property of the Company. An invention, idea, process, program, software, or design including an improvement) shall be deemed related to the business of the Company if (a) it was made with the Company's funds, personnel, equipment, supplies, facilities, or Confidential Information, (b) results from work performed by the Executive for the Company, or (c) pertains to the current business or demonstrably anticipated research or development work of the Company. The Executive shall cooperate with the Company and its attorneys in the preparation of patent and copyright applications for such developments and, upon request, shall promptly assign all such inventions, ideas, processes, and designs to the Company. The decision to file for patent or copyright protection or to maintain such development as a trade secret, or otherwise, shall be in the sole discretion of the Company, and the Executive shall be bound by such decision. If applicable, the Executive shall provide as a schedule to this Employment Agreement, a complete list of all inventions, ideas, processes, and designs, if any, patented or unpatented, copyrighted or otherwise, or non-copyrighted, including a brief description, which he made or conceived prior to his employment with the Company and which therefore are excluded from the scope of this Agreement. References to the Company in this Section shall include the Company, its subsidiaries and affiliates.

12. Indebtedness. If, during the course of the Executive's employment under this Agreement, the Executive becomes indebted to the Company for any reason, the Company may, if it so elects, set off any sum due to the Company from the Executive and collect any remaining balance from the Executive unless the Executive has entered into a written agreement with the Company.

13. Assignability. The rights and obligations of the Company under this Agreement shall inure to the benefit of and be binding upon the successors and assigns of the Company, provided that such successor or assign shall acquire all or substantially all of the securities or assets and business of the Company. The Executive's obligations hereunder may not be assigned or alienated and any attempt to do so by the Executive will be void.

14. Severability.

(a) The Executive expressly agrees that the character, duration and geographical scope of the non-competition provisions set forth in this Agreement are reasonable in light of the circumstances as they exist on the date hereof. Should a decision, however, be made at a later date by a court of competent jurisdiction that the character, duration or geographical scope of such provisions is unreasonable, then it is the intention and the agreement of the Executive and the Company that this Agreement shall be construed by the court in such a manner as to impose only those restrictions on the Executive's conduct that are reasonable in the light of the circumstances and as are necessary to assure to the Company the benefits of this Agreement. If, in any judicial proceeding, a court shall refuse to enforce all of the separate covenants deemed included herein because taken together they are more extensive than necessary to assure to the Company the intended benefits of this Agreement, it is expressly understood and agreed by the parties hereto that the provisions of this Agreement that, if eliminated, would permit the remaining separate provisions to be enforced in such proceeding shall be deemed eliminated, for the purposes of such proceeding, from this Agreement.

(b) If any provision of this Agreement otherwise is deemed to be invalid or unenforceable or is prohibited by the laws of the state or jurisdiction where it is to be performed, this Agreement shall be considered divisible as to such provision and such provision shall be inoperative in such state or jurisdiction and shall not be part of the consideration moving from either of the parties to the other. The remaining provisions of this Agreement shall be valid and binding and of like effect as though such provisions were not included.

15. Notices and Addresses. All notices, offers, acceptance and any other acts under this Agreement (except payment) shall be in writing, and shall be sufficiently given if delivered to the addressees in person, by FedEx or similar receipted delivery, or next business day delivery, or by facsimile or e-mail delivery (in which event a copy shall immediately be sent by FedEx or similar receipted delivery), as follows:

To the Company:

GelTech Solutions, Inc.
1460 Park Lane South, Suite 1
Jupiter, FL 33458
Email: jingarra@geltechsolutions.com
Facsimile: (561) 427-6182

With a Copy to:

Harris Cramer LLP
3507 Kyoto Gardens Drive
Suite 320
Palm Beach Gardens, FL 33410
Email: mharris@harriscramer.com
Facsimile (561) 659-0701
Attention: Michael D. Harris, Esq.

To the Executive:

Michael Cordani
GelTech Solutions, Inc.
460 Park Lane South, Suite 1
Jupiter, FL 33458
Email: mcordani@geltechsolutions.com
Facsimile: (561) 427-6182

or to such other address or facsimile number, as either of them, by notice to the other may designate from time to time. The transmission confirmation receipt from the sender's facsimile machine shall be evidence of successful facsimile delivery.

16. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument. The execution of this Agreement may be by actual or facsimile signature.

17. Attorneys' Fees. In the event that there is any controversy or claim arising out of or relating to this Agreement, or to the interpretation, breach or enforcement thereof, and any action or proceeding is commenced to enforce the provisions of this Agreement, the prevailing party shall be entitled to reasonable attorneys' fees, costs and expenses (including such fees and costs on appeal).

18. Governing Law. This Agreement and any dispute, disagreement, or issue of construction or interpretation arising hereunder whether relating to its execution, its validity, the obligations provided therein or performance shall be governed or interpreted according to the internal laws of the State of Florida without regard to choice of law considerations.

19. Entire Agreement. This Agreement constitutes the entire Agreement between the parties and supersedes all prior oral and written agreements between the parties hereto with respect to the subject matter hereof. Neither this Agreement nor any provision hereof may be changed, waived, discharged or terminated orally, except by a statement in writing signed by the party or parties against which enforcement or the change, waiver discharge or termination is sought.

20. Additional Documents. The parties hereto shall execute such additional instruments as may be reasonably required by their counsel in order to carry out the purpose and intent of this Agreement and to fulfill the obligations of the parties hereunder.

21. Section and Paragraph Headings. The section and paragraph headings in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement.

22. Arbitration. Except for a claim for equitable relief, any controversy, dispute or claim arising out of or relating to this Agreement, or its interpretation, application, implementation, breach or enforcement which the parties are unable to resolve by mutual agreement, shall be settled by submission by either party of the controversy, claim or dispute to binding arbitration in Palm Beach County, Florida (unless the parties agree in writing to a different location), before one arbitrator in accordance with the rules of the American Arbitration Association then in effect. In any such arbitration proceeding the parties agree to provide all discovery deemed necessary by the arbitrator. The decision and award made by the arbitrator shall be final, binding and conclusive on all parties hereto for all purposes, and judgment may be entered thereon in any court having jurisdiction thereof.

23. Sarbanes-Oxley Act of 2002.

(a) In the event the Executive or the Company is the subject of an investigation (whether criminal, civil, or administrative) involving possible violations of the United States federal securities laws by the Executive, the Compensation Committee or the Board may, in its sole discretion, direct the Company to withhold any and all payments to the Executive (whether compensation or otherwise) which would have otherwise been made pursuant to this Agreement or otherwise would have been paid or payable by the Company, which the Compensation Committee or the Board believes, in its sole discretion, may or could be considered an “extraordinary payment” and therefore at risk and potentially subject to, the provisions of Section 1103 of the Sarbanes-Oxley Act of 2002 (“SOX”) (including, but not limited to, any severance payments made to the Executive upon termination of employment). The withholding of any payment shall be until such time as the investigation is concluded, without charges having been brought or until the successful conclusion of any legal proceedings brought in connection with such amounts as directed by the Compensation Committee or the Board to be withheld with or without the accruing of interest (and if with interest the rate thereof). Except by an admission of wrongdoing or the final adjudication by a court or administrative agency finding the Executive liable for or guilty of violating any of the federal securities laws, rules or regulations, the Compensation Committee or the Board shall pay to the Executive such compensation or other payments. Notwithstanding the exclusion caused by the first clause of the prior sentence, the Executive shall receive such payments if provided for by a court or other administrative order.

(b) In the event that the Company restates any financial statements which have been contained in reports or registration statements filed with the SEC, and the restatement of the prior financial statements is as the result of material noncompliance with any financial reporting requirement under the securities laws, the Executive hereby acknowledges that the Company shall recover from the Executive (i) incentive based compensation (including stock options) awarded during the three year period preceding the date on which the Company is required to prepare the restatement (ii) in excess of what would have been paid the Executive under the restatement. Any rules passed by the Securities and Exchange Commission under Section 10D of the Securities Exchange Act of 1934 (added by Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act) shall be incorporated in this Agreement to the extent applicable. The Executive agrees to reimburse the Company for any bonuses received and/or profits realized from the sale of the Company’s securities (including the cash received from exercise of any options (or other awards of stock rights) during the 12-month period following the first public issuance or filing with the SEC of the report or registration statement (whichever comes first) containing the financial information required to be restated. Provided, however, this Section shall not impose any liability on the Executive beyond any liability that is imposed under Section 304 of SOX.

(c) Notwithstanding the last sentence of Section 23(b), if the Company’s common stock is listed on a national securities exchange and such exchange adopts rules requiring clawbacks beyond what Section 304 of SOX requires, such rules shall be incorporated in this Agreement to the extent applicable and the Executive shall comply with such rules, including but not limited to executing any amendment to this Agreement.

24. Section 409A.

(a) Notwithstanding anything to the contrary contained in this Agreement, if at the time of the Executive's separation from service within the meaning of Section 409A of the Code, the Company determines that the Executive is a "specified employee" within the meaning of Section 409A(a)(2)(B)(i) of the Code, then to the extent any payment or benefit that the Executive becomes entitled to under this Agreement on account of the Executive's separation from service would be considered deferred compensation subject to the 20% additional tax imposed pursuant to Section 409A(a) of the Code as a result of the application of Section 409A(a)(2)(B)(i) of the Code, such payment shall not be payable and such benefit shall not be provided until the date that is the earlier of (i) six months and one day after the Executive's separation from service, or (ii) the Executive's death (the "Six Month Delay Rule").

(b) For purposes of this Section 24, amounts payable under the Agreement should not be considered a deferral of compensation subject to Section 409A to the extent provided in Treasury Regulation Section 1.409A-1(b)(4) (i.e., short-term deferrals), Treasury Regulation Section 1.409A-1(b)(9) (i.e., separation pay plans, including the exception under subparagraph (iii)), and other applicable provisions of Treasury Regulations Sections 1.409A-1 through A-6.

(c) To the extent that the Six Month Delay Rule applies to payments otherwise payable on an installment basis, the first payment shall include a catch-up payment covering amounts that would otherwise have been paid during the six-month period but for the application of the Six Month Delay Rule, and the balance of the installments shall be payable in accordance with their original schedule.

(d) To the extent that the Six Month Delay Rule applies to the provision of benefits (including, but not limited to, life insurance and medical insurance), such benefit coverage shall nonetheless be provided to the Executive during the first six months following his separation from service (the "Six Month Period"), provided that, during such Six-Month Period, the Executive pays to the Company, on a monthly basis in advance, an amount equal to the Monthly Cost (as defined below) of such benefit coverage. The Company shall reimburse the Executive for any such payments made by the Executive in a lump sum not later than 30 days following the sixth month anniversary of the Executive's separation from service. For purposes of this subparagraph, "Monthly Cost" means the minimum dollar amount which, if paid by the Executive on a monthly basis in advance, results in the Executive not being required to recognize any federal income tax on receipt of the benefit coverage during the Six Month Period.

(e) The parties intend that this Agreement will be administered in accordance with Section 409A of the Code. To the extent that any provision of this Agreement is ambiguous as to its compliance with Section 409A of the Code, the provision shall be read in such a manner so that all payments hereunder comply with Section 409A of the Code. The parties agree that this Agreement may be amended, as reasonably requested by either party, and as may be necessary to fully comply with Section 409A of the Code and all related rules and regulations in order to preserve the payments and benefits provided hereunder without additional cost to either party.

(f) The Company makes no representation or warranty and shall have no liability to the Executive or any other person if any provisions of this Agreement are determined to constitute deferred compensation subject to Section 409A of the Code but do not satisfy an exemption from, or the conditions of, such Section.

Signature Page To Follow

IN WITNESS WHEREOF, the Company and the Executive have executed this Agreement as of the date and year first above written.

GelTech Solutions, Inc.

By: _____
Joseph Ingarra, President

Executive: _____
Michael Cordani, Chief Executive Officer

GelTech Solutions, Inc.

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (the "Agreement") entered into as of March 10, 2011, between GelTech Solutions, Inc., a Delaware corporation (the "Company"), and Joseph Ingarra (the "Executive").

WHEREAS, in its business, the Company has acquired and developed certain trade secrets, including, but not limited to, proprietary processes, sales methods and techniques, and other like confidential business and technical information, including but not limited to, technical information, design systems, pricing methods, pricing rates or discounts, processes, procedures, formulas, designs of computer software, or improvements, or any portion or phase thereof, whether patented, or not, or unpatentable, that is of any value whatsoever to the Company, as well as information relating to the Company's products, information concerning proposed new products, market feasibility studies, proposed or existing marketing techniques or plans (whether developed or produced by the Company or by any other person or entity for the Company), other Confidential Information, as defined in Section 8(a), and information about the Company's executives, officers, and directors, which necessarily will be communicated to the Executive by reason of his employment by the Company; and

WHEREAS, the Company has strong and legitimate business interests in preserving and protecting its investment in the Executive, its trade secrets and Confidential Information, and its substantial, significant, or key, relationships with vendors, and Customers, as defined below, whether actual or prospective; and

WHEREAS, the Company desires to preserve and protect its legitimate business interests further by restricting competitive activities of the Executive during the term of this Agreement and for a reasonable time following the termination of this Agreement; and

WHEREAS, the Company desires to employ the Executive and to ensure the continued availability to the Company of the Executive's services, and the Executive is willing to accept such employment and render such services, all upon and subject to the terms and conditions contained in this Agreement.

NOW, THEREFORE, in consideration of the premises and the mutual covenants set forth in this Agreement, and intending to be legally bound, the Company and the Executive agree as follows:

1. Representations and Warranties. The Executive hereby represents and warrants to the Company that he (i) is not subject to any written non-solicitation or non-competition agreement affecting his employment with the Company (other than any prior agreement with the Company), (ii) is not subject to any written confidentiality or nonuse/nondisclosure agreement affecting his employment with the Company (other than any prior agreement with the Company), and (iii) has brought to the Company no trade secrets, confidential business information, documents, or other personal property of a prior employer.

2. Term of Employment.

(a) Term. The Company hereby employs the Executive, and the Executive hereby accepts employment with the Company for a period of three years commencing as of the date of this Agreement (the "Term").

(b) Continuing Effect. Notwithstanding any termination of this Agreement, at the end of the Term or otherwise, the provisions of Sections 7 and 8 shall remain in full force and effect and the provisions of Section 8 shall be binding upon the legal representatives, successors and assigns of the Executive. Provided, however, if the Executive is terminated without Cause or if he terminates his employment for Good Reason as those terms are defined in Section 6(c), the provisions of Sections 7 and 8 shall not apply except for acts occurring prior to the date of termination.

3. Duties.

(a) General Duties. The Executive shall serve as the President of the Company, with duties and responsibilities that are customary for such executives. The Executive shall report to the Chief Executive Officer. The Executive shall also perform services for such subsidiaries of the Company as may be necessary. The Executive shall use his best efforts to perform his duties and discharge his responsibilities pursuant to this Agreement competently, carefully and faithfully. In determining whether or not the Executive has used his best efforts hereunder, the Executive's and the Company's delegation of authority and all surrounding circumstances shall be taken into account and the best efforts of the Executive shall not be judged solely on the Company's earnings or other results of the Executive's performance, except as specifically provided to the contrary by this Agreement.

(b) Devotion of Time. Subject to the last sentence of this Section 3(b), the Executive shall devote all of his time, attention and energies during normal business hours (exclusive of periods of sickness and disability and of such normal holiday and vacation periods as have been established by the Company) to the affairs of the Company. The Executive shall not enter the employ of or serve as a consultant to, or in any way perform any services with or without compensation to, any other persons, business, or organization, without the prior consent of the Board of Directors of the Company (the "Board"). Notwithstanding the above, the Executive shall be permitted to devote a limited amount of his time, without compensation, to professional, charitable or similar organizations.

(c) Location of Office. The Executive's principal business office shall be at the Company's Jupiter, Florida offices. However, the Executive's job responsibilities shall include all business travel necessary to the performance of his job.

(d) Adherence to Inside Information Policies. The Executive acknowledges that the Company is publicly-held and, as a result, has implemented inside information policies designed to preclude its executives and those of its subsidiaries from violating the federal securities laws by trading on material, non-public information or passing such information on to others in breach of any duty owed to the Company, or any third party. The Executive shall promptly execute any agreements generally distributed by the Company to its employees requiring such employees to abide by its inside information policies.

4. Compensation and Expenses.

(a) Salary. For the services of the Executive to be rendered under this Agreement, the Company shall pay the Executive an annual salary of \$150,000 (the "Base Salary"). Prior to the end of each 12-month period of the Term, the Compensation Committee of the Board of Directors (the "Compensation Committee") shall have the authority to increase the Executive's Base Salary for the succeeding 12-month period with target salaries of \$200,000 for the 12-month periods from the date of this agreement ending in 2012 and \$225,000 in 2013. Any increase of Base Salary shall be based on profitability, positive cash flow or such other factors as the Compensation Committee deems important.

(b) Discretionary Bonus. Following the completion of each fiscal year of the Term, the Compensation Committee shall have the discretion to award the Executive a bonus based upon the Executive's job performance, the Company's revenue growth, positive cash flow, net income before income taxes or other such factors as the Compensation Committee deems important. The target bonus shall be \$125,000 for 2011, \$150,000 for 2012 and \$175,000 for 2013. The specific criteria shall be set annually by the Compensation Committee.

(c) Stock Options. Under the 2007 Equity Incentive Plan, the Company has granted the Executive 250,000 10-year non-qualified stock options exercisable at \$1.25 per share. The options shall vest annually in three equal increments subject to meeting certain budgeted revenue targets which shall be set by the Compensation Committee and further subject to continued employment on each applicable vesting date. Exercisability of the options shall be subject to the Executive executing and delivering the Company's standard stock option agreement.

(d) Expenses. In addition to any compensation received pursuant to this Section 4, the Company will reimburse or advance funds to the Executive for all reasonable travel, entertainment and miscellaneous expenses incurred in connection with the performance of his duties under this Agreement, provided that the Executive properly provides a written accounting of such expenses to the Company in accordance with the Company's practices. Such reimbursement or advances will be made in accordance with policies and procedures of the Company in effect from time to time relating to reimbursement of, or advances to, its executive officers.

5. Benefits.

(a) Vacation. For each 12-month period during the Term, the Executive shall be entitled to four weeks of vacation without loss of compensation or other benefits to which he is entitled under this Agreement, to be taken at such times as the Executive may select and the affairs of the Company may permit. All vacation days must be used in the 12-month period and will not be carried over to the next 12 month period. Any unused vacation days will be forfeited without compensation. The Executive shall be entitled to a number of sick days each year in amounts consistent with the Company's policy for employees.

(b) Employee Benefit Programs. The Executive is entitled to participate in any pension, 401(k), insurance or other employee benefit plan that is maintained by the Company for its executives, including programs of life and medical insurance and reimbursement of membership fees in professional organizations.

6. Termination.

(a) Death or Disability. Except as otherwise provided in this Agreement, this Agreement shall automatically terminate upon the death or disability of the Executive. For purposes of this Section 6(a), "disability" shall mean (i) the Executive is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death, or last for a continuous period of not less than 12 months; (ii) the Executive is, by reason of any medically determinable physical or mental impairment that can be expected to result in death, or last for continuous period of not less than 12 months, receiving income replacement benefits for a period of not less than three months under an accident and health plan covering employees of the Company; or (iii) the Executive is determined to be totally disabled by the Social Security Administration. Any question as to the existence of a disability shall be determined by the written opinion of the Executive's regularly attending physician (or his guardian) (or the Social Security Administration, where applicable). In the event that the Executive's employment is terminated by reason of Executive's death or disability, the Company shall pay the following to the Executive or his personal representative: (i) any accrued but unpaid Base Salary for services rendered to the date of termination, (ii) any accrued but unpaid expenses required to be reimbursed under this Agreement, (iii) any earned but unpaid bonuses for any prior period and his annual bonus prorated to date of termination (to the extent the Board has set a formula and it can be calculated), and (iv) all stock options, restricted stock and restricted stock units previously granted to the Executive shall thereupon become fully vested, and the Executive or his legally appointed guardian, as the case may be, shall have up to one year from the date of termination to exercise all such previously granted options, provided that in no event shall any option be exercisable beyond its term. The Executive (or his estate) shall receive the payments provided herein at such times he would have received them if there was no death or disability. Additionally, if the Executive's employment is terminated because of disability, the Executive shall receive any benefits (except perquisites) to which the Executive may be entitled pursuant to Section 5(b) hereof shall continue to be paid or provided by the Company, as the case may be, for one year, subject to the terms of any applicable plan or insurance contract and applicable law.

(b) Termination by the Company for Cause or by the Executive Without Good Reason. The Company may terminate the Executive's employment pursuant to the terms of this Agreement at any time for Cause (as defined below) by giving the Executive written notice of termination. Such termination shall become effective upon the giving of such notice. Upon any such termination for Cause, or in the event the Executive terminates his employment with the Company without "Good Reason," as defined below, then the Executive shall have no right to compensation, or reimbursement under Section 4, or to participate in any Executive benefit programs under Section 5, except as may otherwise be provided for herein or by law, for any period subsequent to the effective date of termination. For purposes of this Agreement, "Cause" shall mean: (i) the Executive is convicted of a felony or misdemeanor or commits a criminal act; (ii) the Executive, in carrying out his duties hereunder, has acted with ordinary negligence, gross negligence or intentional misconduct resulting, in any case, in harm to the Company; (iii) the Executive misappropriates Company funds or otherwise defrauds the Company; (iv) the Executive breaches his fiduciary duty to the Company resulting in profit to him, directly or indirectly; (v) the Executive materially breaches any agreement with the Company; (vi) the Executive breaches any provision of Section 7 or Section 8; (vii) the Executive becomes subject to a preliminary or permanent injunction issued by a United States District Court enjoining the Executive from violating any securities law administered or regulated by the Securities and Exchange Commission; (viii) the Executive becomes subject to a cease and desist order or other order issued by the Securities and Exchange Commission (the "SEC") after an opportunity for a hearing; (ix) the Executive has been found to have committed any act or have failed to take any action, which results in the Company's common stock being delisted or not listed for trading on the Over-the-Counter Bulletin Board or a national securities exchange, as applicable; (x) the Company has been required to restate any of its financial statements filed with the SEC as a result of misconduct of a nature which if a lawsuit were brought by the SEC would result in the Executive being required to clawback one or more bonus payments; (xi) the Executive refuses to carryout a resolution adopted by the Company's Board of Directors at a meeting in which the Executive was offered a reasonable opportunity to argue that the resolution should not be adopted; or (xii) the Executive suffers from alcoholism or drug addiction or otherwise uses alcohol to excess or uses drugs in any form except strictly in accordance with the recommendation of a physician or dentist.

(c) Termination by the Company Without Cause or Termination by Executive for Good Reason. (i) The Executive may terminate this Agreement for Good Reason (as defined below) or the Company may terminate this Agreement without Cause. In the event the Executive terminates this Agreement for Good Reason, or the Company terminates the Executive without Cause, the Executive shall be entitled to the following: (i) any accrued but unpaid Base Salary for services rendered to the date of termination; (ii) an amount equal to 12 month's Base Salary; (iii) any accrued but unpaid expenses required to be reimbursed under this Agreement; (iv) any earned but unpaid bonuses, his annual bonus for the current period shall be prorated to the date of termination (to the extent the Board has set a formula and it can be calculated); and (v) all stock options, restricted stock and restricted stock units previously granted to the Executive shall thereupon become fully vested, and the Executive or his legally appointed guardian, as the case may be, shall have up to one year from the date of termination to exercise all such previously granted options, provided that in no event shall any option be exercisable beyond its term. The term "Good Reason" shall mean: (i) a material diminution in the Executive's authority, duties or responsibilities (unless the Executive has agreed to such diminution); or (ii) any other action or inaction that constitutes a material breach by the Company under this Agreement. Prior to the Executive terminating his employment with the Company for Good Reason, Executive must provide written notice to the Company, within 30 days following the initial existence of such condition, that such Good Reason exists and setting forth in detail the grounds the Executive believes constitutes Good Reason. If the Company does not cure the condition(s) constituting Good Reason within 30 days following receipt of such notice, then the Executive's employment shall be deemed terminated for Good Reason. The Executive (or his estate) shall receive the payments provided herein at such times he would have received them if there was no termination.

7. Non-Competition Agreement.

(a) Competition with the Company. Until termination of his employment and for a period of one year commencing on the date of termination, the Executive (individually or in association with, or as a shareholder, director, officer, consultant, employee, partner, joint venturer, member, or otherwise, of or through any person, firm, corporation, partnership, association or other entity) shall not, directly or indirectly, compete with the Company (which for the purpose of this Agreement also includes any of its subsidiaries or affiliates) by acting as an officer (or comparable position) of, owning an interest in, or providing services to any entity within any metropolitan area in the United States or other country in which the Company was actually engaged in business as of the time of termination of employment or where the Company reasonably expected to engage in business within three months of the date of termination of employment. For purposes of this Agreement, the term “compete with the Company” shall refer to any business activity in which the Company was engaged as of the termination of the Executive’s employment or reasonably expected to engage in within three months of termination of employment; provided, however, the foregoing shall not prevent the Executive from (i) accepting employment with an enterprise engaged in two or more lines of business, one of which is the same or similar to the Company’s business (the “Prohibited Business”) if the Executive’s employment is totally unrelated to the Prohibited Business, (ii) competing in a country where as of the time of the alleged violation the Company has ceased engaging in business, or (iii) competing in a line of business which as of the time of the alleged violation the Company has either ceased engaging in or publicly announced or disclosed that it intends to cease engaging in; provided, further, the foregoing shall not prohibit the Executive from owning up to five percent of the securities of any publicly-traded enterprise provided as long as the Executive is not a director, officer, consultant, employee, partner, joint venturer, manager, or member of, or to such enterprise, or otherwise compensated for services rendered thereby.

(b) Solicitation of Customers. During the periods in which the provisions of Section 7(a) shall be in effect, the Executive, directly or indirectly, will not seek nor accept Prohibited Business from any Customer (as defined below) on behalf of any enterprise or business other than the Company, refer Prohibited Business from any Customer to any enterprise or business other than the Company or receive commissions based on sales or otherwise relating to the Prohibited Business from any Customer, or any enterprise or business other than the Company. For purposes of this Agreement, the term “Customer” means any person, firm, corporation, partnership, limited liability company, association or other entity to which the Company or any of its affiliates sold or provided goods or services during the 24-month period prior to the time at which any determination is required to be made as to whether any such person, firm, corporation, partnership, limited liability company, association or other entity is a Customer, or who or which was approached by or who or which has approached an employee of the Company for the purpose of soliciting business from the Company or the third party, as the case may be.

(c) Solicitation of Employees. During the period in which the provisions of Section 7(a) and (b) shall be in effect, the Executive agrees that he shall not, directly or indirectly, request, recommend or advise any employee of the Company to terminate his or her employment with the Company, or solicit for employment or recommend to any third party the solicitation for employment of any person who, at the time of such solicitation, is employed by the Company or any of its subsidiaries and affiliates.

(d) No Payment. The Executive acknowledges and agrees that no separate or additional payment will be required to be made to him in consideration of his undertakings in this Section 7, and confirms he has received adequate consideration for such undertakings.

(e) References. References to the Company in this Section 7 shall include the Company's subsidiaries and affiliates.

8. Non-Disclosure of Confidential Information.

(a) Confidential Information. For purposes of this Agreement, "Confidential Information" includes, but is not limited to, trade secrets, processes, policies, procedures, techniques, designs, drawings, know-how, show-how, technical information, specifications, computer software and source code, information and data relating to the development, research, testing, costs, marketing, and uses of the Products (as defined herein), the Company's budgets and strategic plans, and the identity and special needs of Customers, vendors, and suppliers, subjects and databases, data, and all technology relating to the Company's businesses, systems, methods of operation, and Customer lists, Customer information, solicitation leads, marketing and advertising materials, methods and manuals and forms, all of which pertain to the activities or operations of the Company, the names, home addresses and all telephone numbers and e-mail addresses of the Company's directors, employees, officers, executives, former executives, Customers and former Customers. In addition, Confidential Information also includes Customers and the identity of and telephone numbers, e-mail addresses and other addresses of executives or agents of Customers who are the persons with whom the Company's executives, officers, employees, and agents communicate in the ordinary course of business. Confidential Information also includes, without limitation, Confidential Information received from the Company's subsidiaries and affiliates. For purposes of this Agreement, the following will not constitute Confidential Information (i) information which is or subsequently becomes generally available to the public through no act or fault of the Executive, (ii) information set forth in the written records of the Executive prior to disclosure to the Executive by or on behalf of the Company which information is given to the Company in writing as of or prior to the date of this Agreement, and (iii) information which is lawfully obtained by the Executive in writing from a third party (excluding any affiliates of the Executive) who lawfully acquired the confidential information and who did not acquire such confidential information or trade secret, directly or indirectly, from the Executive or the Company or its subsidiaries or affiliates and who has not breached any duty of confidentiality. As used herein, the term "Products" shall include all products offered for sale and marketed by the Company during the Term and any other products which the Company has taken concrete steps to offer for sale, but has not yet commenced marketing, during or prior to the Term. Products also include any products disclosed in the Company's latest Form 10-K and/or Form S-1 or S-3 (or successor form) filed with the SEC.

(b) Legitimate Business Interests. The Executive recognizes that the Company has legitimate business interests to protect and as a consequence, the Executive agrees to the restrictions contained in this Agreement because they further the Company's legitimate business interests. These legitimate business interests include, but are not limited to (i) trade secrets, (ii) valuable confidential business, technical, and/or professional information that otherwise may not qualify as trade secrets, including, but not limited to, all Confidential Information; (iii) substantial, significant, or key, relationships with specific prospective or existing Customers, vendors or suppliers; (iv) Customer goodwill associated with the Company's business; and (v) specialized training relating to the Company's technology, Products, methods, operations and procedures.

(c) Confidentiality. Following termination of employment, the Confidential Information shall be held by the Executive in the strictest confidence and shall not, without the prior express written consent of the Company, be disclosed to any person other than in connection with the Executive's employment by the Company. The Executive further acknowledges that such Confidential Information as is acquired and used by the Company or its subsidiaries or affiliates is a special, valuable and unique asset. The Executive shall exercise all due and diligent precautions to protect the integrity of the Company's Confidential Information and to keep it confidential whether it is in written form, on electronic media, oral, or otherwise. The Executive shall not copy any Confidential Information except to the extent necessary to his employment nor remove any Confidential Information or copies thereof from the Company's premises except to the extent necessary to his employment and then only with the authorization of an officer of the Company (excluding the Executive). All records, files, materials and other Confidential Information obtained by the Executive in the course of his employment with the Company are confidential and proprietary and shall remain the exclusive property of the Company, its Customers, or subjects, as the case may be. The Executive shall not, except in connection with and as required by his performance of his duties under this Agreement, for any reason use for his own benefit or the benefit of any person or entity with which he may be associated or disclose any such Confidential Information to any person, firm, corporation, association or other entity for any reason or purpose whatsoever without the prior express written consent of an executive officer of the Company (excluding the Executive).

9. Equitable Relief.

(a) The Company and the Executive recognize that the services to be rendered under this Agreement by the Executive are special, unique and of extraordinary character, and that in the event of the breach by the Executive of the terms and conditions of this Agreement or if the Executive, without the prior express consent of the Board, shall leave his employment for any reason and take any action in violation of Section 7 and/or Section 8, the Company shall be entitled to institute and prosecute proceedings in any court of competent jurisdiction referred to in Section 9(b) below, to enjoin the Executive from breaching the provisions of Section 7 and/or Section 8. In such action, the Company shall not be required to plead or prove irreparable harm or lack of an adequate remedy at law or post a bond or any security.

(b) Any action must be commenced in Palm Beach County, Florida. The Executive and the Company irrevocably and unconditionally submit to the exclusive jurisdiction of such courts and agree to take any and all future action necessary to submit to the jurisdiction of such courts. The Executive and the Company irrevocably waive any objection that they now have or hereafter may have to the laying of venue of any suit, action or proceeding brought in any such court and further irrevocably waive any claim that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum. Final judgment against the Executive or the Company in any such suit shall be conclusive and may be enforced in other jurisdictions by suit on the judgment, a certified or true copy of which shall be conclusive evidence of the fact and the amount of any liability of the Executive or the Company therein described, or by appropriate proceedings under any applicable treaty or otherwise.

10. Conflicts of Interest. While employed by the Company, the Executive shall not, unless approved by the Compensation Committee of the Board, directly or indirectly:

(a) participate as an individual in any way in the benefits of transactions with any of the Company's suppliers, vendors, Customers, or subjects, including, without limitation, having a financial interest in the Company's suppliers, vendors, Customers, or subjects, or making loans to, or receiving loans, from, the Company's suppliers, vendors, Customers, or subjects;

(b) realize a personal gain or advantage from a transaction in which the Company has an interest or use information obtained in connection with the Executive's employment with the Company for the Executive's personal advantage or gain; or

(c) accept any offer to serve as an officer, director, partner, consultant, manager with, or to be employed in a professional, medical, technical, or managerial capacity by, a person or entity which does business with the Company.

11. Inventions, Ideas, Processes, and Designs. All inventions, ideas, processes, programs, software, and designs (including all improvements) (i) conceived or made by the Executive during the course of his employment with the Company (whether or not actually conceived during regular business hours) and for a period of six months subsequent to the termination (whether by expiration of the Term or otherwise) of such employment with the Company and (ii) related to the business of the Company, shall be disclosed in writing promptly to the Company and shall be the sole and exclusive property of the Company. An invention, idea, process, program, software, or design including an improvement) shall be deemed related to the business of the Company if (a) it was made with the Company's funds, personnel, equipment, supplies, facilities, or Confidential Information, (b) results from work performed by the Executive for the Company, or (c) pertains to the current business or demonstrably anticipated research or development work of the Company. The Executive shall cooperate with the Company and its attorneys in the preparation of patent and copyright applications for such developments and, upon request, shall promptly assign all such inventions, ideas, processes, and designs to the Company. The decision to file for patent or copyright protection or to maintain such development as a trade secret, or otherwise, shall be in the sole discretion of the Company, and the Executive shall be bound by such decision. If applicable, the Executive shall provide as a schedule to this Employment Agreement, a complete list of all inventions, ideas, processes, and designs, if any, patented or unpatented, copyrighted or otherwise, or non-copyrighted, including a brief description, which he made or conceived prior to his employment with the Company and which therefore are excluded from the scope of this Agreement. References to the Company in this Section shall include the Company, its subsidiaries and affiliates.

12. Indebtedness. If, during the course of the Executive's employment under this Agreement, the Executive becomes indebted to the Company for any reason, the Company may, if it so elects, set off any sum due to the Company from the Executive and collect any remaining balance from the Executive unless the Executive has entered into a written agreement with the Company.

13. Assignability. The rights and obligations of the Company under this Agreement shall inure to the benefit of and be binding upon the successors and assigns of the Company, provided that such successor or assign shall acquire all or substantially all of the securities or assets and business of the Company. The Executive's obligations hereunder may not be assigned or alienated and any attempt to do so by the Executive will be void.

14. Severability.

(a) The Executive expressly agrees that the character, duration and geographical scope of the non-competition provisions set forth in this Agreement are reasonable in light of the circumstances as they exist on the date hereof. Should a decision, however, be made at a later date by a court of competent jurisdiction that the character, duration or geographical scope of such provisions is unreasonable, then it is the intention and the agreement of the Executive and the Company that this Agreement shall be construed by the court in such a manner as to impose only those restrictions on the Executive's conduct that are reasonable in the light of the circumstances and as are necessary to assure to the Company the benefits of this Agreement. If, in any judicial proceeding, a court shall refuse to enforce all of the separate covenants deemed included herein because taken together they are more extensive than necessary to assure to the Company the intended benefits of this Agreement, it is expressly understood and agreed by the parties hereto that the provisions of this Agreement that, if eliminated, would permit the remaining separate provisions to be enforced in such proceeding shall be deemed eliminated, for the purposes of such proceeding, from this Agreement.

(b) If any provision of this Agreement otherwise is deemed to be invalid or unenforceable or is prohibited by the laws of the state or jurisdiction where it is to be performed, this Agreement shall be considered divisible as to such provision and such provision shall be inoperative in such state or jurisdiction and shall not be part of the consideration moving from either of the parties to the other. The remaining provisions of this Agreement shall be valid and binding and of like effect as though such provisions were not included.

15. Notices and Addresses. All notices, offers, acceptance and any other acts under this Agreement (except payment) shall be in writing, and shall be sufficiently given if delivered to the addressees in person, by FedEx or similar receipted delivery, or next business day delivery, or by facsimile or e-mail delivery (in which event a copy shall immediately be sent by FedEx or similar receipted delivery), as follows:

To the Company:

GelTech Solutions, Inc.
1460 Park Lane South, Suite 1
Jupiter, FL 33458
Email: mcordani@geltechsolutions.com
Facsimile: (561) 427-6182

With a Copy to:

Harris Cramer LLP
3507 Kyoto Gardens Drive
Suite 320
Palm Beach Gardens, FL 33410
Email: mharris@harrisramer.com
Facsimile (561) 659-0701
Attention: Michael D. Harris, Esq.

To the Executive:

Joseph Ingarra
GelTech Solutions, Inc.
460 Park Lane South, Suite 1
Jupiter, FL 33458
Email: jingarra@geltechsolutions.com
Facsimile: (561) 427-6182

or to such other address or facsimile number, as either of them, by notice to the other may designate from time to time. The transmission confirmation receipt from the sender's facsimile machine shall be evidence of successful facsimile delivery.

16. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument. The execution of this Agreement may be by actual or facsimile signature.

17. Attorneys' Fees. In the event that there is any controversy or claim arising out of or relating to this Agreement, or to the interpretation, breach or enforcement thereof, and any action or proceeding is commenced to enforce the provisions of this Agreement, the prevailing party shall be entitled to reasonable attorneys' fees, costs and expenses (including such fees and costs on appeal).

18. Governing Law. This Agreement and any dispute, disagreement, or issue of construction or interpretation arising hereunder whether relating to its execution, its validity, the obligations provided therein or performance shall be governed or interpreted according to the internal laws of the State of Florida without regard to choice of law considerations.

19. Entire Agreement. This Agreement constitutes the entire Agreement between the parties and supersedes all prior oral and written agreements between the parties hereto with respect to the subject matter hereof. Neither this Agreement nor any provision hereof may be changed, waived, discharged or terminated orally, except by a statement in writing signed by the party or parties against which enforcement or the change, waiver discharge or termination is sought.

20. Additional Documents. The parties hereto shall execute such additional instruments as may be reasonably required by their counsel in order to carry out the purpose and intent of this Agreement and to fulfill the obligations of the parties hereunder.

21. Section and Paragraph Headings. The section and paragraph headings in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement.

22. Arbitration. Except for a claim for equitable relief, any controversy, dispute or claim arising out of or relating to this Agreement, or its interpretation, application, implementation, breach or enforcement which the parties are unable to resolve by mutual agreement, shall be settled by submission by either party of the controversy, claim or dispute to binding arbitration in Palm Beach County, Florida (unless the parties agree in writing to a different location), before one arbitrator in accordance with the rules of the American Arbitration Association then in effect. In any such arbitration proceeding the parties agree to provide all discovery deemed necessary by the arbitrator. The decision and award made by the arbitrator shall be final, binding and conclusive on all parties hereto for all purposes, and judgment may be entered thereon in any court having jurisdiction thereof.

23. Sarbanes-Oxley Act of 2002.

(a) In the event the Executive or the Company is the subject of an investigation (whether criminal, civil, or administrative) involving possible violations of the United States federal securities laws by the Executive, the Compensation Committee or the Board may, in its sole discretion, direct the Company to withhold any and all payments to the Executive (whether compensation or otherwise) which would have otherwise been made pursuant to this Agreement or otherwise would have been paid or payable by the Company, which the Compensation Committee or the Board believes, in its sole discretion, may or could be considered an “extraordinary payment” and therefore at risk and potentially subject to, the provisions of Section 1103 of the Sarbanes-Oxley Act of 2002 (“SOX”) (including, but not limited to, any severance payments made to the Executive upon termination of employment). The withholding of any payment shall be until such time as the investigation is concluded, without charges having been brought or until the successful conclusion of any legal proceedings brought in connection with such amounts as directed by the Compensation Committee or the Board to be withheld with or without the accruing of interest (and if with interest the rate thereof). Except by an admission of wrongdoing or the final adjudication by a court or administrative agency finding the Executive liable for or guilty of violating any of the federal securities laws, rules or regulations, the Compensation Committee or the Board shall pay to the Executive such compensation or other payments. Notwithstanding the exclusion caused by the first clause of the prior sentence, the Executive shall receive such payments if provided for by a court or other administrative order.

(b) In the event that the Company restates any financial statements which have been contained in reports or registration statements filed with the SEC, and the restatement of the prior financial statements is as the result of material noncompliance with any financial reporting requirement under the securities laws, the Executive hereby acknowledges that the Company shall recover from the Executive (i) incentive based compensation (including stock options) awarded during the three year period preceding the date on which the Company is required to prepare the restatement (ii) in excess of what would have been paid the Executive under the restatement. Any rules passed by the Securities and Exchange Commission under Section 10D of the Securities Exchange Act of 1934 (added by Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act) shall be incorporated in this Agreement to the extent applicable. The Executive agrees to reimburse the Company for any bonuses received and/or profits realized from the sale of the Company's securities (including the cash received from exercise of any options (or other awards of stock rights) during the 12-month period following the first public issuance or filing with the SEC of the report or registration statement (whichever comes first) containing the financial information required to be restated. Provided, however, this Section shall not impose any liability on the Executive beyond any liability that is imposed under Section 304 of SOX.

(c) Notwithstanding the last sentence of Section 23(b), if the Company's common stock is listed on a national securities exchange and such exchange adopts rules requiring clawbacks beyond what Section 304 of SOX requires, such rules shall be incorporated in this Agreement to the extent applicable and the Executive shall comply with such rules, including but not limited to executing any amendment to this Agreement.

24. Section 409A.

(a) Notwithstanding anything to the contrary contained in this Agreement, if at the time of the Executive's separation from service within the meaning of Section 409A of the Code, the Company determines that the Executive is a "specified employee" within the meaning of Section 409A(a)(2)(B)(i) of the Code, then to the extent any payment or benefit that the Executive becomes entitled to under this Agreement on account of the Executive's separation from service would be considered deferred compensation subject to the 20% additional tax imposed pursuant to Section 409A(a) of the Code as a result of the application of Section 409A(a)(2)(B)(i) of the Code, such payment shall not be payable and such benefit shall not be provided until the date that is the earlier of (i) six months and one day after the Executive's separation from service, or (ii) the Executive's death (the "Six Month Delay Rule").

(b) For purposes of this Section 24, amounts payable under the Agreement should not be considered a deferral of compensation subject to Section 409A to the extent provided in Treasury Regulation Section 1.409A-1(b)(4) (i.e., short-term deferrals), Treasury Regulation Section 1.409A-1(b)(9) (i.e., separation pay plans, including the exception under subparagraph (iii)), and other applicable provisions of Treasury Regulations Sections 1.409A-1 through A-6.

(c) To the extent that the Six Month Delay Rule applies to payments otherwise payable on an installment basis, the first payment shall include a catch-up payment covering amounts that would otherwise have been paid during the six-month period but for the application of the Six Month Delay Rule, and the balance of the installments shall be payable in accordance with their original schedule.

(d) To the extent that the Six Month Delay Rule applies to the provision of benefits (including, but not limited to, life insurance and medical insurance), such benefit coverage shall nonetheless be provided to the Executive during the first six months following his separation from service (the "Six Month Period"), provided that, during such Six-Month Period, the Executive pays to the Company, on a monthly basis in advance, an amount equal to the Monthly Cost (as defined below) of such benefit coverage. The Company shall reimburse the Executive for any such payments made by the Executive in a lump sum not later than 30 days following the sixth month anniversary of the Executive's separation from service. For purposes of this subparagraph, "Monthly Cost" means the minimum dollar amount which, if paid by the Executive on a monthly basis in advance, results in the Executive not being required to recognize any federal income tax on receipt of the benefit coverage during the Six Month Period.

(e) The parties intend that this Agreement will be administered in accordance with Section 409A of the Code. To the extent that any provision of this Agreement is ambiguous as to its compliance with Section 409A of the Code, the provision shall be read in such a manner so that all payments hereunder comply with Section 409A of the Code. The parties agree that this Agreement may be amended, as reasonably requested by either party, and as may be necessary to fully comply with Section 409A of the Code and all related rules and regulations in order to preserve the payments and benefits provided hereunder without additional cost to either party.

(f) The Company makes no representation or warranty and shall have no liability to the Executive or any other person if any provisions of this Agreement are determined to constitute deferred compensation subject to Section 409A of the Code but do not satisfy an exemption from, or the conditions of, such Section.

Signature Page To Follow

IN WITNESS WHEREOF, the Company and the Executive have executed this Agreement as of the date and year first above written.

GeTech Solutions, Inc.

By: _____
Michael Cordani, Chief Executive Officer

Executive: _____
Joseph Ingarra, President

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (the "Agreement") entered into as of March 10, 2011, between GelTech Solutions, Inc., a Delaware corporation (the "Company"), and Peter Cordani (the "Executive").

WHEREAS, in its business, the Company has acquired and developed certain trade secrets, including, but not limited to, proprietary processes, sales methods and techniques, and other like confidential business and technical information, including but not limited to, technical information, design systems, pricing methods, pricing rates or discounts, processes, procedures, formulas, designs of computer software, or improvements, or any portion or phase thereof, whether patented, or not, or unpatentable, that is of any value whatsoever to the Company, as well as information relating to the Company's products, information concerning proposed new products, market feasibility studies, proposed or existing marketing techniques or plans (whether developed or produced by the Company or by any other person or entity for the Company), other Confidential Information, as defined in Section 8(a), and information about the Company's executives, officers, and directors, which necessarily will be communicated to the Executive by reason of his employment by the Company; and

WHEREAS, the Company has strong and legitimate business interests in preserving and protecting its investment in the Executive, its trade secrets and Confidential Information, and its substantial, significant, or key, relationships with vendors, and Customers, as defined below, whether actual or prospective; and

WHEREAS, the Company desires to preserve and protect its legitimate business interests further by restricting competitive activities of the Executive during the term of this Agreement and for a reasonable time following the termination of this Agreement; and

WHEREAS, the Company desires to employ the Executive and to ensure the continued availability to the Company of the Executive's services, and the Executive is willing to accept such employment and render such services, all upon and subject to the terms and conditions contained in this Agreement.

NOW, THEREFORE, in consideration of the premises and the mutual covenants set forth in this Agreement, and intending to be legally bound, the Company and the Executive agree as follows:

1. Representations and Warranties. The Executive hereby represents and warrants to the Company that he (i) is not subject to any written non-solicitation or non-competition agreement affecting his employment with the Company (other than any prior agreement with the Company), (ii) is not subject to any written confidentiality or nonuse/nondisclosure agreement affecting his employment with the Company (other than any prior agreement with the Company), and (iii) has brought to the Company no trade secrets, confidential business information, documents, or other personal property of a prior employer.

2. Term of Employment.

(a) Term. The Company hereby employs the Executive, and the Executive hereby accepts employment with the Company for a period of three years commencing as of the date of this Agreement (the "Term").

(b) Continuing Effect. Notwithstanding any termination of this Agreement, at the end of the Term or otherwise, the provisions of Sections 7 and 8 shall remain in full force and effect and the provisions of Section 8 shall be binding upon the legal representatives, successors and assigns of the Executive. Provided, however, if the Executive is terminated without Cause or if he terminates his employment for Good Reason as those terms are defined in Section 6(c), the provisions of Sections 7 and 8 shall not apply except for acts occurring prior to the date of termination.

3. Duties.

(a) General Duties. The Executive shall serve as the Chief Technology Officer of the Company, with duties and responsibilities that are customary for such executives. The Executive shall report to the Chief Executive Officer. The Executive shall also perform services for such subsidiaries of the Company as may be necessary. The Executive shall use his best efforts to perform his duties and discharge his responsibilities pursuant to this Agreement competently, carefully and faithfully. In determining whether or not the Executive has used his best efforts hereunder, the Executive's and the Company's delegation of authority and all surrounding circumstances shall be taken into account and the best efforts of the Executive shall not be judged solely on the Company's earnings or other results of the Executive's performance, except as specifically provided to the contrary by this Agreement.

(b) Devotion of Time. Subject to the last sentence of this Section 3(b), the Executive shall devote all of his time, attention and energies during normal business hours (exclusive of periods of sickness and disability and of such normal holiday and vacation periods as have been established by the Company) to the affairs of the Company. The Executive shall not enter the employ of or serve as a consultant to, or in any way perform any services with or without compensation to, any other persons, business, or organization, without the prior consent of the Board of Directors of the Company (the "Board"). Notwithstanding the above, the Executive shall be permitted to devote a limited amount of his time, without compensation, to professional, charitable or similar organizations.

(c) Location of Office. The Executive's principal business office shall be at the Company's Jupiter, Florida offices. However, the Executive's job responsibilities shall include all business travel necessary to the performance of his job.

(d) Adherence to Inside Information Policies. The Executive acknowledges that the Company is publicly-held and, as a result, has implemented inside information policies designed to preclude its executives and those of its subsidiaries from violating the federal securities laws by trading on material, non-public information or passing such information on to others in breach of any duty owed to the Company, or any third party. The Executive shall promptly execute any agreements generally distributed by the Company to its employees requiring such employees to abide by its inside information policies.

4. Compensation and Expenses.

(a) Salary. For the services of the Executive to be rendered under this Agreement, the Company shall pay the Executive an annual salary of \$150,000 (the "Base Salary"). Prior to the end of each 12-month period of the Term, the Compensation Committee of the Board of Directors (the "Compensation Committee") shall have the authority to increase the Executive's Base Salary for the succeeding 12-month period with target salaries of \$200,000 for the 12-month periods from the date of this agreement ending in 2012 and \$225,000 in 2013. Any increase of Base Salary shall be based on profitability, positive cash flow or such other factors as the Compensation Committee deems important.

(b) Discretionary Bonus. Following the completion of each fiscal year of the Term, the Compensation Committee shall have the discretion to award the Executive a bonus based upon the Executive's job performance, the Company's revenue growth, positive cash flow, net income before income taxes or other such factors as the Compensation Committee deems important. The target bonus shall be \$125,000 for 2011, \$150,000 for 2012 and \$175,000 for 2013. The specific criteria shall be set annually by the Compensation Committee.

(c) Stock Options. Under the 2007 Equity Incentive Plan, the Company has granted the Executive 250,000 10-year non-qualified stock options exercisable at \$1.25 per share. The options shall vest annually in three equal increments subject to meeting certain budgeted revenue targets which shall be set by the Compensation Committee and further subject to continued employment on each applicable vesting date. Exercisability of the options shall be subject to the Executive executing and delivering the Company's standard stock option agreement.

(d) Expenses. In addition to any compensation received pursuant to this Section 4, the Company will reimburse or advance funds to the Executive for all reasonable travel, entertainment and miscellaneous expenses incurred in connection with the performance of his duties under this Agreement, provided that the Executive properly provides a written accounting of such expenses to the Company in accordance with the Company's practices. Such reimbursement or advances will be made in accordance with policies and procedures of the Company in effect from time to time relating to reimbursement of, or advances to, its executive officers.

5. Benefits.

(a) Vacation. For each 12-month period during the Term, the Executive shall be entitled to four weeks of vacation without loss of compensation or other benefits to which he is entitled under this Agreement, to be taken at such times as the Executive may select and the affairs of the Company may permit. All vacation days must be used in the 12-month period and will not be carried over to the next 12 month period. Any unused vacation days will be forfeited without compensation. The Executive shall be entitled to a number of sick days each year in amounts consistent with the Company's policy for employees.

(b) Employee Benefit Programs. The Executive is entitled to participate in any pension, 401(k), insurance or other employee benefit plan that is maintained by the Company for its executives, including programs of life and medical insurance and reimbursement of membership fees in professional organizations.

6. Termination.

(a) Death or Disability. Except as otherwise provided in this Agreement, this Agreement shall automatically terminate upon the death or disability of the Executive. For purposes of this Section 6(a), "disability" shall mean (i) the Executive is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death, or last for a continuous period of not less than 12 months; (ii) the Executive is, by reason of any medically determinable physical or mental impairment that can be expected to result in death, or last for continuous period of not less than 12 months, receiving income replacement benefits for a period of not less than three months under an accident and health plan covering employees of the Company; or (iii) the Executive is determined to be totally disabled by the Social Security Administration. Any question as to the existence of a disability shall be determined by the written opinion of the Executive's regularly attending physician (or his guardian) (or the Social Security Administration, where applicable). In the event that the Executive's employment is terminated by reason of Executive's death or disability, the Company shall pay the following to the Executive or his personal representative: (i) any accrued but unpaid Base Salary for services rendered to the date of termination, (ii) any accrued but unpaid expenses required to be reimbursed under this Agreement, (iii) any earned but unpaid bonuses for any prior period and his annual bonus prorated to date of termination (to the extent the Board has set a formula and it can be calculated), and (iv) all stock options, restricted stock and restricted stock units previously granted to the Executive shall thereupon become fully vested, and the Executive or his legally appointed guardian, as the case may be, shall have up to one year from the date of termination to exercise all such previously granted options, provided that in no event shall any option be exercisable beyond its term. The Executive (or his estate) shall receive the payments provided herein at such times he would have received them if there was no death or disability. Additionally, if the Executive's employment is terminated because of disability, the Executive shall receive any benefits (except prerequisites) to which the Executive may be entitled pursuant to Section 5(b) hereof shall continue to be paid or provided by the Company, as the case may be, for one year, subject to the terms of any applicable plan or insurance contract and applicable law.

(b) Termination by the Company for Cause or by the Executive Without Good Reason. The Company may terminate the Executive's employment pursuant to the terms of this Agreement at any time for Cause (as defined below) by giving the Executive written notice of termination. Such termination shall become effective upon the giving of such notice. Upon any such termination for Cause, or in the event the Executive terminates his employment with the Company without "Good Reason," as defined below, then the Executive shall have no right to compensation, or reimbursement under Section 4, or to participate in any Executive benefit programs under Section 5, except as may otherwise be provided for herein or by law, for any period subsequent to the effective date of termination. For purposes of this Agreement, "Cause" shall mean: (i) the Executive is convicted of a felony or misdemeanor or commits a criminal act; (ii) the Executive, in carrying out his duties hereunder, has acted with ordinary negligence, gross negligence or intentional misconduct resulting, in any case, in harm to the Company; (iii) the Executive misappropriates Company funds or otherwise defrauds the Company; (iv) the Executive breaches his fiduciary duty to the Company resulting in profit to him, directly or indirectly; (v) the Executive materially breaches any agreement with the Company; (vi) the Executive breaches any provision of Section 7 or Section 8; (vii) the Executive becomes subject to a preliminary or permanent injunction issued by a United States District Court enjoining the Executive from violating any securities law administered or regulated by the Securities and Exchange Commission; (viii) the Executive becomes subject to a cease and desist order or other order issued by the Securities and Exchange Commission (the "SEC") after an opportunity for a hearing; (ix) the Executive has been found to have committed any act or have failed to take any action, which results in the Company's common stock being delisted or not listed for trading on the Over-the-Counter Bulletin Board or a national securities exchange, as applicable; (x) the Company has been required to restate any of its financial statements filed with the SEC as a result of misconduct of a nature which if a lawsuit were brought by the SEC would result in the Executive being required to clawback one or more bonus payments; (xi) the Executive refuses to carryout a resolution adopted by the Company's Board of Directors at a meeting in which the Executive was offered a reasonable opportunity to argue that the resolution should not be adopted; or (xii) the Executive suffers from alcoholism or drug addiction or otherwise uses alcohol to excess or uses drugs in any form except strictly in accordance with the recommendation of a physician or dentist.

(c) Termination by the Company Without Cause or Termination by Executive for Good Reason. (i) The Executive may terminate this Agreement for Good Reason (as defined below) or the Company may terminate this Agreement without Cause. In the event the Executive terminates this Agreement for Good Reason, or the Company terminates the Executive without Cause, the Executive shall be entitled to the following: (i) any accrued but unpaid Base Salary for services rendered to the date of termination; (ii) an amount equal to 12 month's Base Salary; (iii) any accrued but unpaid expenses required to be reimbursed under this Agreement; (iv) any earned but unpaid bonuses, his annual bonus for the current period shall be prorated to the date of termination (to the extent the Board has set a formula and it can be calculated); and (v) all stock options, restricted stock and restricted stock units previously granted to the Executive shall thereupon become fully vested, and the Executive or his legally appointed guardian, as the case may be, shall have up to one year from the date of termination to exercise all such previously granted options, provided that in no event shall any option be exercisable beyond its term. The term "Good Reason" shall mean: (i) a material diminution in the Executive's authority, duties or responsibilities (unless the Executive has agreed to such diminution); or (ii) any other action or inaction that constitutes a material breach by the Company under this Agreement. Prior to the Executive terminating his employment with the Company for Good Reason, Executive must provide written notice to the Company, within 30 days following the initial existence of such condition, that such Good Reason exists and setting forth in detail the grounds the Executive believes constitutes Good Reason. If the Company does not cure the condition(s) constituting Good Reason within 30 days following receipt of such notice, then the Executive's employment shall be deemed terminated for Good Reason. The Executive (or his estate) shall receive the payments provided herein at such times he would have received them if there was no termination.

7. Non-Competition Agreement.

(a) Competition with the Company. Until termination of his employment and for a period of one year commencing on the date of termination, the Executive (individually or in association with, or as a shareholder, director, officer, consultant, employee, partner, joint venturer, member, or otherwise, of or through any person, firm, corporation, partnership, association or other entity) shall not, directly or indirectly, compete with the Company (which for the purpose of this Agreement also includes any of its subsidiaries or affiliates) by acting as an officer (or comparable position) of, owning an interest in, or providing services to any entity within any metropolitan area in the United States or other country in which the Company was actually engaged in business as of the time of termination of employment or where the Company reasonably expected to engage in business within three months of the date of termination of employment. For purposes of this Agreement, the term “compete with the Company” shall refer to any business activity in which the Company was engaged as of the termination of the Executive’s employment or reasonably expected to engage in within three months of termination of employment; provided, however, the foregoing shall not prevent the Executive from (i) accepting employment with an enterprise engaged in two or more lines of business, one of which is the same or similar to the Company’s business (the “Prohibited Business”) if the Executive’s employment is totally unrelated to the Prohibited Business, (ii) competing in a country where as of the time of the alleged violation the Company has ceased engaging in business, or (iii) competing in a line of business which as of the time of the alleged violation the Company has either ceased engaging in or publicly announced or disclosed that it intends to cease engaging in; provided, further, the foregoing shall not prohibit the Executive from owning up to five percent of the securities of any publicly-traded enterprise provided as long as the Executive is not a director, officer, consultant, employee, partner, joint venturer, manager, or member of, or to such enterprise, or otherwise compensated for services rendered thereby.

(b) Solicitation of Customers. During the periods in which the provisions of Section 7(a) shall be in effect, the Executive, directly or indirectly, will not seek nor accept Prohibited Business from any Customer (as defined below) on behalf of any enterprise or business other than the Company, refer Prohibited Business from any Customer to any enterprise or business other than the Company or receive commissions based on sales or otherwise relating to the Prohibited Business from any Customer, or any enterprise or business other than the Company. For purposes of this Agreement, the term “Customer” means any person, firm, corporation, partnership, limited liability company, association or other entity to which the Company or any of its affiliates sold or provided goods or services during the 24-month period prior to the time at which any determination is required to be made as to whether any such person, firm, corporation, partnership, limited liability company, association or other entity is a Customer, or who or which was approached by or who or which has approached an employee of the Company for the purpose of soliciting business from the Company or the third party, as the case may be.

(c) Solicitation of Employees. During the period in which the provisions of Section 7(a) and (b) shall be in effect, the Executive agrees that he shall not, directly or indirectly, request, recommend or advise any employee of the Company to terminate his or her employment with the Company, or solicit for employment or recommend to any third party the solicitation for employment of any person who, at the time of such solicitation, is employed by the Company or any of its subsidiaries and affiliates.

(d) No Payment. The Executive acknowledges and agrees that no separate or additional payment will be required to be made to him in consideration of his undertakings in this Section 7, and confirms he has received adequate consideration for such undertakings.

(e) References. References to the Company in this Section 7 shall include the Company's subsidiaries and affiliates.

8. Non-Disclosure of Confidential Information.

(a) Confidential Information. For purposes of this Agreement, "Confidential Information" includes, but is not limited to, trade secrets, processes, policies, procedures, techniques, designs, drawings, know-how, show-how, technical information, specifications, computer software and source code, information and data relating to the development, research, testing, costs, marketing, and uses of the Products (as defined herein), the Company's budgets and strategic plans, and the identity and special needs of Customers, vendors, and suppliers, subjects and databases, data, and all technology relating to the Company's businesses, systems, methods of operation, and Customer lists, Customer information, solicitation leads, marketing and advertising materials, methods and manuals and forms, all of which pertain to the activities or operations of the Company, the names, home addresses and all telephone numbers and e-mail addresses of the Company's directors, employees, officers, executives, former executives, Customers and former Customers. In addition, Confidential Information also includes Customers and the identity of and telephone numbers, e-mail addresses and other addresses of executives or agents of Customers who are the persons with whom the Company's executives, officers, employees, and agents communicate in the ordinary course of business. Confidential Information also includes, without limitation, Confidential Information received from the Company's subsidiaries and affiliates. For purposes of this Agreement, the following will not constitute Confidential Information (i) information which is or subsequently becomes generally available to the public through no act or fault of the Executive, (ii) information set forth in the written records of the Executive prior to disclosure to the Executive by or on behalf of the Company which information is given to the Company in writing as of or prior to the date of this Agreement, and (iii) information which is lawfully obtained by the Executive in writing from a third party (excluding any affiliates of the Executive) who lawfully acquired the confidential information and who did not acquire such confidential information or trade secret, directly or indirectly, from the Executive or the Company or its subsidiaries or affiliates and who has not breached any duty of confidentiality. As used herein, the term "Products" shall include all products offered for sale and marketed by the Company during the Term and any other products which the Company has taken concrete steps to offer for sale, but has not yet commenced marketing, during or prior to the Term. Products also include any products disclosed in the Company's latest Form 10-K and/or Form S-1 or S-3 (or successor form) filed with the SEC.

(b) Legitimate Business Interests. The Executive recognizes that the Company has legitimate business interests to protect and as a consequence, the Executive agrees to the restrictions contained in this Agreement because they further the Company's legitimate business interests. These legitimate business interests include, but are not limited to (i) trade secrets, (ii) valuable confidential business, technical, and/or professional information that otherwise may not qualify as trade secrets, including, but not limited to, all Confidential Information; (iii) substantial, significant, or key, relationships with specific prospective or existing Customers, vendors or suppliers; (iv) Customer goodwill associated with the Company's business; and (v) specialized training relating to the Company's technology, Products, methods, operations and procedures.

(c) Confidentiality. Following termination of employment, the Confidential Information shall be held by the Executive in the strictest confidence and shall not, without the prior express written consent of the Company, be disclosed to any person other than in connection with the Executive's employment by the Company. The Executive further acknowledges that such Confidential Information as is acquired and used by the Company or its subsidiaries or affiliates is a special, valuable and unique asset. The Executive shall exercise all due and diligent precautions to protect the integrity of the Company's Confidential Information and to keep it confidential whether it is in written form, on electronic media, oral, or otherwise. The Executive shall not copy any Confidential Information except to the extent necessary to his employment nor remove any Confidential Information or copies thereof from the Company's premises except to the extent necessary to his employment and then only with the authorization of an officer of the Company (excluding the Executive). All records, files, materials and other Confidential Information obtained by the Executive in the course of his employment with the Company are confidential and proprietary and shall remain the exclusive property of the Company, its Customers, or subjects, as the case may be. The Executive shall not, except in connection with and as required by his performance of his duties under this Agreement, for any reason use for his own benefit or the benefit of any person or entity with which he may be associated or disclose any such Confidential Information to any person, firm, corporation, association or other entity for any reason or purpose whatsoever without the prior express written consent of an executive officer of the Company (excluding the Executive).

9. Equitable Relief.

(a) The Company and the Executive recognize that the services to be rendered under this Agreement by the Executive are special, unique and of extraordinary character, and that in the event of the breach by the Executive of the terms and conditions of this Agreement or if the Executive, without the prior express consent of the Board, shall leave his employment for any reason and take any action in violation of Section 7 and/or Section 8, the Company shall be entitled to institute and prosecute proceedings in any court of competent jurisdiction referred to in Section 9(b) below, to enjoin the Executive from breaching the provisions of Section 7 and/or Section 8. In such action, the Company shall not be required to plead or prove irreparable harm or lack of an adequate remedy at law or post a bond or any security.

(b) Any action must be commenced in Palm Beach County, Florida. The Executive and the Company irrevocably and unconditionally submit to the exclusive jurisdiction of such courts and agree to take any and all future action necessary to submit to the jurisdiction of such courts. The Executive and the Company irrevocably waive any objection that they now have or hereafter may have to the laying of venue of any suit, action or proceeding brought in any such court and further irrevocably waive any claim that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum. Final judgment against the Executive or the Company in any such suit shall be conclusive and may be enforced in other jurisdictions by suit on the judgment, a certified or true copy of which shall be conclusive evidence of the fact and the amount of any liability of the Executive or the Company therein described, or by appropriate proceedings under any applicable treaty or otherwise.

10. Conflicts of Interest. While employed by the Company, the Executive shall not, unless approved by the Compensation Committee of the Board, directly or indirectly:

(a) participate as an individual in any way in the benefits of transactions with any of the Company's suppliers, vendors, Customers, or subjects, including, without limitation, having a financial interest in the Company's suppliers, vendors, Customers, or subjects, or making loans to, or receiving loans, from, the Company's suppliers, vendors, Customers, or subjects;

(b) realize a personal gain or advantage from a transaction in which the Company has an interest or use information obtained in connection with the Executive's employment with the Company for the Executive's personal advantage or gain; or

(c) accept any offer to serve as an officer, director, partner, consultant, manager with, or to be employed in a professional, medical, technical, or managerial capacity by, a person or entity which does business with the Company.

11. Inventions, Ideas, Processes, and Designs. All inventions, ideas, processes, programs, software, and designs (including all improvements) (i) conceived or made by the Executive during the course of his employment with the Company (whether or not actually conceived during regular business hours) and for a period of six months subsequent to the termination (whether by expiration of the Term or otherwise) of such employment with the Company and (ii) related to the business of the Company, shall be disclosed in writing promptly to the Company and shall be the sole and exclusive property of the Company. An invention, idea, process, program, software, or design including an improvement) shall be deemed related to the business of the Company if (a) it was made with the Company's funds, personnel, equipment, supplies, facilities, or Confidential Information, (b) results from work performed by the Executive for the Company, or (c) pertains to the current business or demonstrably anticipated research or development work of the Company. The Executive shall cooperate with the Company and its attorneys in the preparation of patent and copyright applications for such developments and, upon request, shall promptly assign all such inventions, ideas, processes, and designs to the Company. The decision to file for patent or copyright protection or to maintain such development as a trade secret, or otherwise, shall be in the sole discretion of the Company, and the Executive shall be bound by such decision. If applicable, the Executive shall provide as a schedule to this Employment Agreement, a complete list of all inventions, ideas, processes, and designs, if any, patented or unpatented, copyrighted or otherwise, or non-copyrighted, including a brief description, which he made or conceived prior to his employment with the Company and which therefore are excluded from the scope of this Agreement. References to the Company in this Section shall include the Company, its subsidiaries and affiliates.

12. Indebtedness. If, during the course of the Executive's employment under this Agreement, the Executive becomes indebted to the Company for any reason, the Company may, if it so elects, set off any sum due to the Company from the Executive and collect any remaining balance from the Executive unless the Executive has entered into a written agreement with the Company.

13. Assignability. The rights and obligations of the Company under this Agreement shall inure to the benefit of and be binding upon the successors and assigns of the Company, provided that such successor or assign shall acquire all or substantially all of the securities or assets and business of the Company. The Executive's obligations hereunder may not be assigned or alienated and any attempt to do so by the Executive will be void.

14. Severability.

(a) The Executive expressly agrees that the character, duration and geographical scope of the non-competition provisions set forth in this Agreement are reasonable in light of the circumstances as they exist on the date hereof. Should a decision, however, be made at a later date by a court of competent jurisdiction that the character, duration or geographical scope of such provisions is unreasonable, then it is the intention and the agreement of the Executive and the Company that this Agreement shall be construed by the court in such a manner as to impose only those restrictions on the Executive's conduct that are reasonable in the light of the circumstances and as are necessary to assure to the Company the benefits of this Agreement. If, in any judicial proceeding, a court shall refuse to enforce all of the separate covenants deemed included herein because taken together they are more extensive than necessary to assure to the Company the intended benefits of this Agreement, it is expressly understood and agreed by the parties hereto that the provisions of this Agreement that, if eliminated, would permit the remaining separate provisions to be enforced in such proceeding shall be deemed eliminated, for the purposes of such proceeding, from this Agreement.

(b) If any provision of this Agreement otherwise is deemed to be invalid or unenforceable or is prohibited by the laws of the state or jurisdiction where it is to be performed, this Agreement shall be considered divisible as to such provision and such provision shall be inoperative in such state or jurisdiction and shall not be part of the consideration moving from either of the parties to the other. The remaining provisions of this Agreement shall be valid and binding and of like effect as though such provisions were not included.

15. Notices and Addresses. All notices, offers, acceptance and any other acts under this Agreement (except payment) shall be in writing, and shall be sufficiently given if delivered to the addressees in person, by FedEx or similar receipted delivery, or next business day delivery, or by facsimile or e-mail delivery (in which event a copy shall immediately be sent by FedEx or similar receipted delivery), as follows:

To the Company:

GelTech Solutions, Inc.
1460 Park Lane South, Suite 1
Jupiter, FL 33458
Email: mcordani@geltechsolutions.com
Facsimile: (561) 427-6182

With a Copy to:

Harris Cramer LLP
3507 Kyoto Gardens Drive
Suite 320
Palm Beach Gardens, FL 33410
Email: mharris@harriscramer.com
Facsimile (561) 659-0701
Attention: Michael D. Harris, Esq.

To the Executive:

Peter Cordani
GelTech Solutions, Inc.
460 Park Lane South, Suite 1
Jupiter, FL 33458
Email: pcordani@geltechsolutions.com
Facsimile: (561) 427-6182

or to such other address or facsimile number, as either of them, by notice to the other may designate from time to time. The transmission confirmation receipt from the sender's facsimile machine shall be evidence of successful facsimile delivery.

16. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument. The execution of this Agreement may be by actual or facsimile signature.

17. Attorneys' Fees. In the event that there is any controversy or claim arising out of or relating to this Agreement, or to the interpretation, breach or enforcement thereof, and any action or proceeding is commenced to enforce the provisions of this Agreement, the prevailing party shall be entitled to reasonable attorneys' fees, costs and expenses (including such fees and costs on appeal).

18. Governing Law. This Agreement and any dispute, disagreement, or issue of construction or interpretation arising hereunder whether relating to its execution, its validity, the obligations provided therein or performance shall be governed or interpreted according to the internal laws of the State of Florida without regard to choice of law considerations.

19. Entire Agreement. This Agreement constitutes the entire Agreement between the parties and supersedes all prior oral and written agreements between the parties hereto with respect to the subject matter hereof. Neither this Agreement nor any provision hereof may be changed, waived, discharged or terminated orally, except by a statement in writing signed by the party or parties against which enforcement or the change, waiver discharge or termination is sought.

20. Additional Documents. The parties hereto shall execute such additional instruments as may be reasonably required by their counsel in order to carry out the purpose and intent of this Agreement and to fulfill the obligations of the parties hereunder.

21. Section and Paragraph Headings. The section and paragraph headings in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement.

22. Arbitration. Except for a claim for equitable relief, any controversy, dispute or claim arising out of or relating to this Agreement, or its interpretation, application, implementation, breach or enforcement which the parties are unable to resolve by mutual agreement, shall be settled by submission by either party of the controversy, claim or dispute to binding arbitration in Palm Beach County, Florida (unless the parties agree in writing to a different location), before one arbitrator in accordance with the rules of the American Arbitration Association then in effect. In any such arbitration proceeding the parties agree to provide all discovery deemed necessary by the arbitrator. The decision and award made by the arbitrator shall be final, binding and conclusive on all parties hereto for all purposes, and judgment may be entered thereon in any court having jurisdiction thereof.

23. Sarbanes-Oxley Act of 2002.

(a) In the event the Executive or the Company is the subject of an investigation (whether criminal, civil, or administrative) involving possible violations of the United States federal securities laws by the Executive, the Compensation Committee or the Board may, in its sole discretion, direct the Company to withhold any and all payments to the Executive (whether compensation or otherwise) which would have otherwise been made pursuant to this Agreement or otherwise would have been paid or payable by the Company, which the Compensation Committee or the Board believes, in its sole discretion, may or could be considered an “extraordinary payment” and therefore at risk and potentially subject to, the provisions of Section 1103 of the Sarbanes-Oxley Act of 2002 (“SOX”) (including, but not limited to, any severance payments made to the Executive upon termination of employment). The withholding of any payment shall be until such time as the investigation is concluded, without charges having been brought or until the successful conclusion of any legal proceedings brought in connection with such amounts as directed by the Compensation Committee or the Board to be withheld with or without the accruing of interest (and if with interest the rate thereof). Except by an admission of wrongdoing or the final adjudication by a court or administrative agency finding the Executive liable for or guilty of violating any of the federal securities laws, rules or regulations, the Compensation Committee or the Board shall pay to the Executive such compensation or other payments. Notwithstanding the exclusion caused by the first clause of the prior sentence, the Executive shall receive such payments if provided for by a court or other administrative order.

(b) In the event that the Company restates any financial statements which have been contained in reports or registration statements filed with the SEC, and the restatement of the prior financial statements is as the result of material noncompliance with any financial reporting requirement under the securities laws, the Executive hereby acknowledges that the Company shall recover from the Executive (i) incentive based compensation (including stock options) awarded during the three year period preceding the date on which the Company is required to prepare the restatement (ii) in excess of what would have been paid the Executive under the restatement. Any rules passed by the Securities and Exchange Commission under Section 10D of the Securities Exchange Act of 1934 (added by Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act) shall be incorporated in this Agreement to the extent applicable. The Executive agrees to reimburse the Company for any bonuses received and/or profits realized from the sale of the Company's securities (including the cash received from exercise of any options (or other awards of stock rights) during the 12-month period following the first public issuance or filing with the SEC of the report or registration statement (whichever comes first) containing the financial information required to be restated. Provided, however, this Section shall not impose any liability on the Executive beyond any liability that is imposed under Section 304 of SOX.

(c) Notwithstanding the last sentence of Section 23(b), if the Company's common stock is listed on a national securities exchange and such exchange adopts rules requiring clawbacks beyond what Section 304 of SOX requires, such rules shall be incorporated in this Agreement to the extent applicable and the Executive shall comply with such rules, including but not limited to executing any amendment to this Agreement.

24. Section 409A.

(a) Notwithstanding anything to the contrary contained in this Agreement, if at the time of the Executive's separation from service within the meaning of Section 409A of the Code, the Company determines that the Executive is a "specified employee" within the meaning of Section 409A(a)(2)(B)(i) of the Code, then to the extent any payment or benefit that the Executive becomes entitled to under this Agreement on account of the Executive's separation from service would be considered deferred compensation subject to the 20% additional tax imposed pursuant to Section 409A(a) of the Code as a result of the application of Section 409A(a)(2)(B)(i) of the Code, such payment shall not be payable and such benefit shall not be provided until the date that is the earlier of (i) six months and one day after the Executive's separation from service, or (ii) the Executive's death (the "Six Month Delay Rule").

(b) For purposes of this Section 24, amounts payable under the Agreement should not be considered a deferral of compensation subject to Section 409A to the extent provided in Treasury Regulation Section 1.409A-1(b)(4) (i.e., short-term deferrals), Treasury Regulation Section 1.409A-1(b)(9) (i.e., separation pay plans, including the exception under subparagraph (iii)), and other applicable provisions of Treasury Regulations Sections 1.409A-1 through A-6.

(c) To the extent that the Six Month Delay Rule applies to payments otherwise payable on an installment basis, the first payment shall include a catch-up payment covering amounts that would otherwise have been paid during the six-month period but for the application of the Six Month Delay Rule, and the balance of the installments shall be payable in accordance with their original schedule.

(d) To the extent that the Six Month Delay Rule applies to the provision of benefits (including, but not limited to, life insurance and medical insurance), such benefit coverage shall nonetheless be provided to the Executive during the first six months following his separation from service (the "Six Month Period"), provided that, during such Six-Month Period, the Executive pays to the Company, on a monthly basis in advance, an amount equal to the Monthly Cost (as defined below) of such benefit coverage. The Company shall reimburse the Executive for any such payments made by the Executive in a lump sum not later than 30 days following the sixth month anniversary of the Executive's separation from service. For purposes of this subparagraph, "Monthly Cost" means the minimum dollar amount which, if paid by the Executive on a monthly basis in advance, results in the Executive not being required to recognize any federal income tax on receipt of the benefit coverage during the Six Month Period.

(e) The parties intend that this Agreement will be administered in accordance with Section 409A of the Code. To the extent that any provision of this Agreement is ambiguous as to its compliance with Section 409A of the Code, the provision shall be read in such a manner so that all payments hereunder comply with Section 409A of the Code. The parties agree that this Agreement may be amended, as reasonably requested by either party, and as may be necessary to fully comply with Section 409A of the Code and all related rules and regulations in order to preserve the payments and benefits provided hereunder without additional cost to either party.

(f) The Company makes no representation or warranty and shall have no liability to the Executive or any other person if any provisions of this Agreement are determined to constitute deferred compensation subject to Section 409A of the Code but do not satisfy an exemption from, or the conditions of, such Section.

Signature Page To Follow

IN WITNESS WHEREOF, the Company and the Executive have executed this Agreement as of the date and year first above written.

GelTech Solutions, Inc.

By: _____
Michael Cordani, Chief Executive Officer

Executive: _____
Peter Cordani, Chief Technology Officer

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER

I, Michael Cordani, certify that:

1. I have reviewed this quarterly report on Form 10-Q of GelTech Solutions, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 7, 2011

By: /s/ Michael Cordani

Michael Cordani,
Chief Executive Officer
(Principal Executive Officer)

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER

I, Michael Hull, certify that:

1. I have reviewed this quarterly report on Form 10-Q of GelTech Solutions, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 7, 2011

By: /s/ Michael Hull

Michael Hull,
Chief Financial Officer
(Principal Financial Officer)

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the quarterly report of GelTech Solutions, Inc. (the "Company") on Form 10-Q for the quarter ended September 30, 2011, as filed with the Securities and Exchange Commission on the date hereof, I, Michael Cordani, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

1. The quarterly report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 and
2. The information contained in the quarterly report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: November 7, 2011

By: /s/ Michael Cordani

Michael Cordani
Chief Executive Officer
(Principal Executive Officer)

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the quarterly report of GelTech Solutions, Inc. (the "Company") on Form 10-Q for the quarter ended September 30, 2011, as filed with the Securities and Exchange Commission on the date hereof, I, Michael Hull, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

1. The quarterly report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 and
2. The information contained in the quarterly report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: November 7, 2011

By: /s/ Michael Hull

Michael Hull,
Chief Financial Officer
(Principal Financial Officer)

**Condensed Consolidated
Balance Sheets** **Sep. 30, 2011 Jun. 30, 2011**
(Parenthetical) (USD \$)

Stockholders Equity

<u>Preferred Stock par value</u>	\$ 0.001	\$ 0.001
<u>Preferred Stock Authorized</u>	5,000,000	5,000,000
<u>Preferred Stock Issued</u>	0	0
<u>Preferred Stock Outstanding</u>	0	0
<u>Common Stock par value</u>	\$ 0.001	\$ 0.001
<u>Common Stock Authorized</u>	50,000,000	50,000,000
<u>Common Stock Issued</u>	22,134,570	22,104,570
<u>Common Stock Outstanding</u>	22,134,570	22,104,570

**Condensed Consolidated
Statements of Operations
(Unaudited) (USD \$)**

**3 Months Ended
Sep. 30, 2011 Sep. 30, 2010**

Income Statement [Abstract]

<u>Sales</u>	\$ 178,402	\$ 28,557
<u>Cost of goods sold</u>	75,240	8,664
<u>Gross Profits</u>	103,162	19,893
<u>Operating Expenses</u>		
<u>Selling, general and administrative expenses</u>	1,503,206	881,210
<u>Research and development</u>	42,249	35,583
<u>Total Operating Expenses</u>	1,545,455	916,793
<u>Loss from operations</u>	(1,442,293)	(896,900)
<u>Other Income (expense)</u>		
<u>Loss on settlement</u>	(1,500)	0
<u>Interest Income</u>	406	1,274
<u>Interest Expense</u>	(19,159)	(101,521)
<u>Total other income (expense)</u>	(20,253)	(100,247)
<u>Net Loss</u>	\$ (1,462,546)	\$ (997,147)
<u>Net loss per common share - basic and diluted</u>	\$ (0.07)	\$ (0.06)
<u>Weighted average shares outstanding - basic and diluted</u>	22,128,048	16,672,024

**Document and Entity
Information (USD \$)**

**3 Months Ended
Sep. 30, 2011**

Nov. 04, 2011

Document And Entity Information

<u>Entity Registrant Name</u>	GelTech Solutions, Inc.	
<u>Entity Central Index Key</u>	0001403676	
<u>Document Type</u>	10-Q	
<u>Document Period End Date</u>	Sep. 30, 2011	
<u>Amendment Flag</u>	false	
<u>Current Fiscal Year End Date</u>	--06-30	
<u>Is Entity a Well-known Seasoned Issuer?</u>	No	
<u>Is Entity a Voluntary Filer?</u>	No	
<u>Is Entity's Reporting Status Current?</u>	Yes	
<u>Entity Filer Category</u>	Smaller Reporting Company	
<u>Entity Public Float</u>		\$ 11,430,000
<u>Entity Common Stock, Shares Outstanding</u>		22,134,570
<u>Document Fiscal Period Focus</u>	Q1	
<u>Document Fiscal Year Focus</u>	2012	

Concentrations

**3 Months Ended
Sep. 30, 2011**

[Notes to Financial
Statements
Concentrations](#)

NOTE 7 - Concentrations

The Company maintains its cash in bank and financial institution deposits that at times may exceed federally insured limits. The Company has not experienced any losses in such accounts through September 30, 2011. As of September 30, 2011, there were no cash equivalent balances held in depository accounts that are not insured.

At September 30, 2011, two customers each account for 34.9% of accounts receivable.

For the three months ended September 30, 2011 two customers accounted for approximately 30.3% and 30.1 of sales.

During the three months ended September 30, 2011 all sales resulted from two products, FireIce® and Soil2O™ which made up 18.4% and 81.6%, respectively, of total sales. Of the FireIce® sales, 78% related to sales of FireIce product and 22% related to sales of the FireIce Home Defense units. Of the Soil2O™ sales, 97% related to Soil2O™ Dust Control and 3% related to traditional sales of Soil2O™.

Two vendors accounted for 65.5% and 13.4% of the Company' s approximately \$268,000 of raw material and packaging purchases during the three months ended September 30, 2011.

Convertible Note Agreement

**3 Months Ended
Sep. 30, 2011**

Notes to Financial Statements

Convertible Note Agreement

NOTE 3 - Convertible Note Agreement (Formerly Line of Credit Agreement)

On May 29, 2009, the Company entered into a Credit Enhancement and Financing Security Agreement with the Company's largest principal stockholder. In connection with this agreement the Company executed a Revolving Promissory Note which permits the Company to borrow up to \$2,500,000. Interest, at an annual rate of 5%, is due monthly on the 20th day of each month which commenced on July 20, 2009.

In May 2010, the Lender extended the due date of the line of credit to May 2011. Additionally, the Company may be compelled to pay the outstanding principal balance earlier during which it will not be permitted to borrow any sums for a period of 30 consecutive days.

In February 2011, the Company renegotiated the Line of Credit Agreement with its largest principal stockholder (the Lender). As part of the renegotiation, the Company issued 892,857 shares of the Company's common stock and five-year warrants to purchase 1,000,000 shares of the Company's common stock at an exercise price of \$1.25 per share in exchange for a \$1,000,000 reduction in the principal amount of the Line of Credit. In addition, the remaining principal amount due under the line of credit of \$1,497,483 was replaced by a five-year convertible note of the same amount, convertible at \$1.12 per share (fair market value on transaction date based upon the quoted trading price) and bearing annual interest of 5%, due on the maturity date of the note. As an inducement for the Lender to enter into the convertible note agreement, the Company granted the Lender five-year warrants to purchase 300,000 shares of the Company's common stock at an exercise price of \$1.75 per share. The Company did not recognize a note discount related to the beneficial conversion feature of the convertible note because the conversion feature had no intrinsic value on the date the note was issued. As of September 30, 2011, accrued interest related to this convertible note amounted to \$45,848. Total interest expense on the convertible note amounted to \$18,719 for the three months ended September 30, 2011.

Subsequent Events

**3 Months Ended
Sep. 30, 2011**

[Notes to Financial
Statements](#)

[Subsequent Events](#)

NOTE 8 - Subsequent Events

In October 2011, the Company entered into employment agreements with its CEO, President and CTO. The terms of the employment agreements were approved by the Compensation Committee of the Company's board of directors in March 2011 as described in Note 5.

Organization and Basis of Presentation

**3 Months Ended
Sep. 30, 2011**

Notes to Financial Statements

Organization and Basis of Presentation

NOTE 1 - Organization and Basis of Presentation

Organization

GelTech Solutions, Inc. ("GelTech" or the "Company") is a Delaware corporation organized in 2006. GelTech is focused on marketing four products: (1) FireIce®, a water soluble fire retardant used to protect firefighters, structures and wildlands; (2) Soil2O™ 'Dust Control' , our new application which is used for dust mitigation in the aggregate, road construction, mining, as well as, other industries that deal with daily dust control issues; (3) Soil2O™, a product which reduces the use of water and is primarily marketed to golf courses and the agriculture market; and (4) FireIce® Home Defense Unit, a system for applying FireIce® to structures to protect them from wildfires. Additionally, GelTech owns a United States patent for a method to modify weather.

The corporate office is located in Jupiter, Florida.

Basis of Presentation

The accompanying unaudited condensed consolidated interim financial statements include the accounts of the Company and its two wholly owned subsidiaries: WeatherTech Innovations, Inc. and FireIce Gel, Inc. (formerly GelTech Innovations, Inc.). Prior to July 1, 2008, there had been no activity in either subsidiary. Beginning on July 1, 2008, the Company began operating the marketing, sales and distribution of FireIce® through FireIce Gel, Inc.

These unaudited condensed consolidated interim financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") in accordance with the rules and regulations of the U.S. Securities and Exchange Commission ("SEC") for interim financial information. Accordingly, they do not include all of the information and footnotes required by "GAAP" for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring adjustments) considered necessary for a fair presentation have been included. The information included in these unaudited condensed consolidated financial statements should be read in conjunction with Management's Discussion and Analysis of Financial Conditions and Results of Operations contained in this report and the audited consolidated financial statements and accompanying notes included in the Company's Annual Report on Form 10-K for the year ended June 30, 2011 filed on September 28, 2011.

Inventories

Inventories as of September 30, 2011 consisted of raw materials and finished goods in the amounts of \$178,323 and \$401,513, respectively.

Fair Value of Financial Instruments and Fair Value Measurements

We measure our financial assets and liabilities in accordance with ASC 820 "Fair Value Measurements and Disclosures". For certain of our financial instruments, including cash equivalents, accounts receivable, accounts payable, accrued expenses and line of credit, the carrying amounts approximate fair value due to their short maturities. The carrying amount of our convertible debt approximates the fair value because the interest rate on the convertible note does not vary materially from the market rate for similar debt instruments.

Effective July 1, 2008, we adopted accounting guidance for fair value measurements of financial assets and liabilities and adopted the same guidance for non-financial assets and liabilities effective July 1, 2009. The adoption did not have a material impact on our results of operations, financial position or liquidity. This standard defines fair value, provides guidance for measuring fair value and requires certain disclosures. This standard does not require any new fair value measurements, but rather applies to all other accounting pronouncements that require or permit fair value measurements. This guidance does not apply to measurements related to share-based payments. This guidance discusses valuation techniques, such as the market approach (comparable market prices), the income approach (present value of future income or cash flow), and the cost approach (cost to replace the service capacity of an asset or replacement cost). The guidance utilizes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. The following is a brief description of those three levels:

Level 1: Observable inputs such as quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices that are observable, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in markets that are not active.

Level 3: Unobservable inputs in which little or no market data exists, therefore developed using estimates and assumptions developed by us, which reflect those that a market participant would use.

The Company had no financial or non-financial assets or liabilities measured at fair value and subject to this accounting standard as of September 30, 2011 or 2010.

Revenue Recognition

Revenue from sales of products is recognized when persuasive evidence of an arrangement exists, products have been shipped to the customer, economic risk of loss has passed to the customer, the price is fixed or determinable, collection is reasonably assured, and any future obligations of the Company are insignificant. Revenue is shown net of returns and allowances.

Products shipped from either our third-party fulfillment companies or our Jupiter, Florida location are shipped FOB shipping point. Normal terms are net 30 or net 60 days depending on the arrangement we have with the customer. As such, revenue is recognized when product has been shipped from either the third-party fulfillment company or from the Jupiter, Florida location.

The Company follows the guidance of ASC 605-50-25, "Revenue Recognition, Customer Payments" Accordingly, any incentives received from vendors are recognized as a reduction of the cost of goods sold. Promotional products or samples given to customers or potential customers are recognized as a cost of goods sold. Cash incentives provided to our customers are recognized as a reduction of the related sale price, and, therefore, are a reduction of sales.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Management believes that the estimates utilized in preparing its consolidated financial statements are reasonable; however, actual results could differ materially from these estimates. Significant estimates for the three months ended September 30, 2011 include the allowance for doubtful accounts, depreciation and amortization, valuation of

inventories, valuation of options and warrants granted for services or settlements, valuation of common stock granted for services or debt conversion and the valuation of deferred tax assets.

Net Earnings (Loss) per Share

The Company computes net earnings (loss) per share in accordance with ASC 260-10, "Earnings per Share." ASC 260-10 requires presentation of both basic and diluted earnings per share ("EPS") on the face of the income statement. Basic EPS is computed by dividing net income (loss) available to common shareholders by the weighted average number of common shares outstanding during the period. Diluted EPS gives effect to all dilutive potential common shares outstanding during the period. Diluted EPS excludes all dilutive potential common shares if their effect is anti-dilutive. At September 30, 2011, there were options to purchase 5,992,007 shares of the Company's common stock, warrants to purchase 5,125,258 shares of the Company's common stock and 1,337,038 shares of the Company's common stock are reserved for a convertible note which may dilute future earnings per share.

Stock-Based Compensation

The Company accounts for employee stock-based compensation in accordance with ASC 718-10, "Share-Based Payment," which requires the measurement and recognition of compensation expense for all share-based payment awards made to employees and directors including employee stock options, restricted stock units, and employee stock purchases based on estimated fair values.

Stock-based compensation expense recognized under ASC 718-10 for the period July 1, 2011 to September 30, 2011 was \$412,724 for stock options granted to employees and directors. This expense is included in selling, general and administrative expenses in the unaudited condensed consolidated statements of operations. Stock-based compensation expense recognized during the period is based on the value of the portion of share-based payment awards that is ultimately expected to vest during the period. At September 30, 2011, the total compensation cost for stock options not yet recognized was approximately \$2,427,000. This cost will be recognized over the remaining vesting term of the options of approximately three years.

A summary of stock option transactions for all employee stock options for the three month periods ended September 30, 2011 and 2010 is as follows:

Employee Options

	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life	Aggregate Intrinsic Value
Balance at June 30, 2010	1,649,007	\$ 0.88	6.40	
Granted	—	\$ —	—	
Exercised	—	\$ —	—	
Options sold to third party	—	\$ —	—	
Forfeited	—	\$ —	—	
Expired	—	\$ —	—	
Outstanding at September 30, 2010	<u>1,649,007</u>	<u>\$ 0.88</u>	<u>6.15</u>	<u>\$ 858,511</u>
Exercisable at September 30, 2010	<u>1,049,008</u>	<u>\$ 0.84</u>	<u>5.04</u>	<u>\$ 585,211</u>
Weighted average fair value of options granted during the three months ended September 30, 2010		N/A		
Balance at June 30, 2011	4,439,507	\$ 1.12	5.39	
Granted	675,000	\$ 1.06	10.00	
Exercised	—	\$ —	—	
Forfeited	—	\$ —	—	
Expired	(525,000)	\$ 1.00		

Outstanding at September 30, 2011	<u>4,589,507</u>	<u>\$ 1.13</u>	<u>6.19</u>	<u>\$ 54,406</u>
Exercisable at September 30, 2011	<u>2,252,924</u>	<u>\$ 1.04</u>	<u>4.38</u>	<u>\$ 54,406</u>
Weighted average fair value of options granted during the three months ended September 30, 2011		<u>\$ 0.61</u>		

On September 1, 2011, ten-year options to purchase 150,000 shares of common stock at an exercise price of \$1.95 share, which were contingently granted by the Company to its Chief Financial Officer on June 3, 2011, became effective upon his transition from part time consultant to full-time employee. Of the options granted, 50,000 vested immediately and the remaining options vest semi-annually on December 31st and June 30th with the first vesting date being December 31, 2011, subject to continued employment. The options were valued using the Black-Scholes option pricing model using a volatility of 90.6% (derived from the historical market price of the Company's common stock since it began trading in June 2008) an expected term of 6.5 years (using the simplified method) and a discount rate of 2.11%. The value of the options, \$224,778, will be recorded as expense over the requisite service period.

On September 20, 2011, the Company granted ten-year options to purchase 175,000 shares of common stock at an exercise price of \$0.81 share to each of its three original executive officers. The options vest semi-annually on December 31st and June 30th with the first vesting date being December 31, 2011, subject to continued employment. The options were valued using the Black-Scholes option pricing model using a volatility of 88.89% (derived from the historical market price of the Company's common stock since it began trading in June 2008) an expected term of 6.5 years (using the simplified method) and a discount rate of 1.25%. The value of the options, \$320,271, will be recorded as expense over the requisite service period. These options replaced options to purchase the same number of shares at an exercise price of \$1.00 per share which expired on September 15, 2011.

A summary of options issued to non-employees under the 2007 Plan and changes during the period from June 30, 2010 to September 30, 2010 and from June 30, 2011 to September 30, 2011 is as follows:

Options Issued to Directors

	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life	Aggregate Intrinsic Value
Balance at June 30, 2010	370,000	\$ 1.28	7.41	
Granted	210,000	\$ 1.20	10.00	
Exercised	-	\$ -	-	
Forfeited	-	\$ -	-	
Expired	-	\$ -	-	
Outstanding at September 30, 2010	<u>580,000</u>	<u>\$ 1.25</u>	<u>7.41</u>	<u>\$ 151,600</u>
Exercisable at September 30, 2010	<u>315,833</u>	<u>\$ 1.20</u>	<u>6.77</u>	<u>\$ 110,050</u>
Weighted average fair value of options granted during the three months ended September 30, 2010		<u>\$ 0.74</u>		
Balance at June 30, 2011	790,000	\$ 1.25	7.98	
Granted	245,000	\$ 1.75	10.00	

Exercised	(30,000)	\$ 1.00	–	
Forfeited	(142,500)	\$ 1.46	–	
Expired	–	\$ –	–	
Outstanding at September 30, 2011	862,500	\$ 1.37	8.27	\$ 4,650
Exercisable at September 30, 2011	505,498	\$ 1.23	7.42	\$ 4,650
Weighted average fair value of options granted during the year ended June 30, 2011		\$ 1.34		

On July 1, 2011, the Company granted options to purchase 245,000 shares of the Company's common stock to directors of the Company. The options have an exercise price of \$1.75 per share, vest over one year and have a ten year term. The options were valued using the Black-Scholes model using a volatility of 89.65% (derived using the historical market price for the Company's common stock since it began trading in June 2008), an expected term of 6.5 years (using the simplified method) and a discount rate of 2.35%. The value of the options, \$311,001, will be recognized over the vesting term, one year.

On September 28, 2011, in connection with the resignation of a director, options to purchase 142,500 shares of common stock at a weighted average exercise price of \$1.46 per share were forfeited.

A summary of options issued to non-employees under the 2007 Plan and changes during the three month periods from June 30, 2010 to September 30, 2010 and from June 30, 2011 to September 30, 2011 is as follows:

**Non-Employee, Non-Director
Options**

	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life	Aggregate Intrinsic Value
Balance at June 30, 2010	155,000	\$ 1.00	2.53	
Granted	–	\$ –	–	
Options purchased from officer	–	\$ –	–	
Exercised	–	\$ –	–	
Forfeited	–	\$ –	–	
Expired	–	\$ –	–	
Outstanding at September 30, 2010	155,000	\$ 1.00	2.27	\$ 62,000
Exercisable at September 30, 2010	155,000	\$ 1.00	2.27	\$ 62,000
Weighted average fair value of options granted during the year ended June 30, 2010		N/A		
Balance at June 30, 2011	540,000	\$ 1.16	3.14	
Granted	–	\$ –	–	
Exercised	–	\$ –	–	
Forfeited	–	\$ –	–	
Expired	–	\$ –	–	
Outstanding at September 30, 2011	540,000	\$ 1.16	2.89	\$ –
Exercisable at September 30, 2011	540,000	\$ 1.16	2.89	\$ –

Weighted average fair value of
options granted during the year ended
June 30, 2011

N/A

Determining Fair Value Under ASC 718-10

The Company estimates the fair value of stock options granted using the Black-Scholes option-pricing formula. This fair value is then amortized on a straight-line basis over the requisite service periods of the awards, which is generally the vesting period. The Company's determination of fair value using an option-pricing model is affected by the stock price as well as assumptions regarding the number of highly subjective variables.

The Company estimates volatility based upon the historical stock price of the Company and estimates the expected term for employee stock options using the simplified method for employees and directors and the contractual term for non-employees. The risk free rate is determined based upon the prevailing rate of United States Treasury securities with similar maturities.

The fair values of stock option grants for the period from July 1, 2011 to September 30, 2011 were estimated using the following assumptions:

Risk free interest rate	1.25% -2.3%
Expected term (in years)	5.5 - 6.5
Dividend yield	-
Volatility of common stock	88.89% - 90.6%
Estimated annual forfeitures	-

New Accounting Pronouncements

ASUs which were not effective until after September 30, 2011 are not expected to have a significant effect on the Company's consolidated financial position or results of operations.

Stockholders' Equity

3 Months Ended
Sep. 30, 2011

Notes to Financial Statements

Stockholders' Equity

NOTE 4 - Stockholders' Equity

Preferred Stock

The Company has authorized 5,000,000 shares of preferred stock, par value \$0.001 per share with such rights, preferences and limitation as may be set from time to time by resolution of the board of directors and the filing of a certificate of designation as required by Delaware General Corporation Law.

Common Stock

The issuances of common stock during the three months ended September 30, 2011 were as follows:

In July 2011, the Company issued 30,000 shares of common stock to a director in exchange for \$30,000 in connection with the exercise of options with an exercise price of \$1.00 per share.

Common Stock Warrants

The Company accounts for warrants issued for services in accordance with ASC 505-50-30-2 Equity Based Payments to Non-Employees. As such, the Company calculates the fair value of the warrants granted using the Black-Scholes option pricing model and records the fair value to either prepaid expense or expense based upon the terms of the underlying contract for services. In applying the Black-Scholes method, the Company calculates volatility based upon the historical market price of the Company's common stock, utilizes discount rates obtained from the Federal Reserve Statistical Release for treasury instruments of the same duration and expected term as the contractual term of the warrants.

Warrants issued in connection with the sale of shares of common stock are treated as part of the equity transaction and are recorded in stockholders' equity or liabilities in accordance with the guidance at ASC 480-10-25.

A summary of warrants issued for cash and changes during the periods July 1, 2010 to September 30, 2010 and from July 1, 2011 to September 30, 2011 is as follows:

Warrants Issued as Settlements

	Number of Warrants	Weighted Average Exercise Price	Remaining Contractual Life
Balance at June 30, 2010	474,508	\$ 1.05	0.91
Granted	-	\$ -	-
Exercised	-	\$ -	-
Forfeited	-	\$ -	-
Expired	-	\$ -	-

Outstanding at September 30, 2010	474,508	\$ 1.05	1.67
Exercisable at September 30, 2010	474,058	\$ 1.05	1.67
Weighted average fair value of warrants granted during the three months ended September 30, 2010		N/A	
Balance at June 30, 2011	474,058	\$ 1.05	0.92
Granted	-	\$ -	-
Exercised	-	\$ -	-
Forfeited	-	\$ -	-
Expired	-	\$ -	-
Outstanding at September 30, 2011	474,058	\$ 1.05	0.67
Exercisable at September 30, 2011	474,058	\$ 1.05	0.67
Weighted average fair value of warrants granted during the three months ended September 30, 2010		N/A	

A summary of warrants issued for cash and changes during the periods June 30, 2010 to September 30, 2010 and from June 30, 2011 to September 30, 2011 is as follows:

Warrants issued for cash

	Number of Warrants	Weighted Average Exercise Price	Remaining Contractual Life
Balance at June 30, 2010	2,733,303	\$ 1.56	2.37
Granted	380,000	\$ 1.25	5.0
Exercised	-	\$ -	-
Forfeited	-	\$ -	-
Expired	-	\$ -	-
Outstanding at September 30, 2010	3,113,303	\$ 1.56	2.34
Exercisable at September 30, 2010	3,113,303	\$ 1.56	2.34
Weighted average fair value of warrants granted during the three months ended September 30, 2010		N/A	
Balance at June 30, 2011	4,651,200	\$ 1.46	2.68
Granted	-	\$ -	-

Exercised	-	\$	-
	-	-	-
Forfeited	-	\$	-
	-	-	-
Expired	-	\$	-
	-	-	-
Outstanding at September 30, 2011	<u>4,651,200</u>	<u>\$</u>	<u>2.43</u>
		<u>1.46</u>	
Exercisable at September 30, 2011	<u>4,651,200</u>	<u>\$</u>	<u>2.43</u>
		<u>1.46</u>	
Weighted average fair value of warrants granted during the three months ended September 30, 2011			<u>N/A</u>

**Commitments and
Contingencies**

**3 Months Ended
Sep. 30, 2011**

**Notes to Financial
Statements**

**Commitments and
Contingencies**

NOTE 5 - Commitments and Contingencies

The Company leases office and warehouse space located in Jupiter, Florida under a month-to-month lease and leases space in an industrial yard in Irvine, California under a one year lease which commenced in June 2011.

Rent expense for the three months ended September 30, 2011 and 2010 was \$33,804 and \$24,632, respectively.

In March 2011, the Compensation Committee approved new employment terms for each of the Company's three executive officers. The Executives will receive a base salary of \$150,000 per year with the Committee having the authority to increase the Executive's base salary for the succeeding 12-month period with the increase based on profitability, positive cash flow or such other factors as the Committee deems important. Following the completion of each fiscal year, the Committee will have the discretion to award each of the executives a target bonus based on each Executive's job performance, the Company's revenue growth, positive cash flow, net income before income taxes or other criteria selected by the Committee. In addition, the executives received options as previously described in Note 1.

Effective September 1, 2011, the Compensation Committee approved an Employment Agreement with the Company's Chief Financial Officer (CFO). The CFO will receive a base salary of \$146,000 per year with the Committee having the authority to increase the CFO's base salary for the succeeding 12-month period with the increase based on profitability, positive cash flow or such other factors as the Committee deems important. Following the completion of each fiscal year, the Committee will have the discretion to award the CFO a target bonus based upon the CFO's job performance, the Company's revenue growth, positive cash flow, net income before income taxes or other criteria selected by the Committee. In addition, the CFO received options as previously described in Note 1.

The Company was sued by a former employee on June 23, 2008, alleging breach of a consulting agreement and an employment agreement entered into in May and June 2007, respectively. In addition, the plaintiff seeks to recover certain of his personal property, which was used or stored in the Company's offices, and alleges the Company invaded his privacy by looking at his personal computer (which was used in the Company's business) in the Company's offices. The lawsuit is pending and the Company believes the lawsuit is without merit.

Related Party Transactions

**3 Months Ended
Sep. 30, 2011**

[Notes to Financial Statements](#)

[Related Party Transactions](#)

NOTE 6 - Related Party Transactions

In addition to the Chief Executive Officer (CEO) and the Chief Technology Officer (CTO) the following related parties are employed at GelTech:

- The CEO's wife is a bookkeeper at \$1,000 per week,
- The CEO and CTO's father is a researcher at \$1,200 per week, and
- The CEO and CTO's mother is a receptionist at \$600 per week.

We believe all of these salaries are at or are below the going rate of what such services would cost on the open market.

The Company has employment arrangements with its executive officers which are described under Note 5.

The Company has entered into a series of credit facilities with its largest principal stockholder as more fully described in Note 3.

**Condensed Consolidated
Statements of Cash Flows
(Unaudited) (USD \$)**

**3 Months Ended
Sep. 30, 2011 Sep. 30, 2010**

Cash flows from operating activities

Net loss \$ (1,462,546) \$ (997,147)

Adjustments to reconcile net loss to net cash used in operating activities

Depreciation 12,549 3,318

Amortization of debt issuance costs 0 69,505

Amortization of prepaid expenses 0 69,426

Amortization of stock based prepaid consulting 42,500 0

Stock option compensation expense 412,724 60,782

Changes in operating assets and liabilities

Accounts receivable (6,863) 1,014

Inventories (186,402) (63,565)

Prepaid expenses and other current assets 5,819 1,529

Deposits and other assets 0 17,198

Accounts payable 66,133 135,865

Accrued expenses (96,253) (76,806)

Net cash used in operating activities (1,212,339) (778,881)

Cash flows from Investing Activities

Purchases of equipment (26,922) (1,771)

Net cash used in investing activities (26,922) (1,771)

Cash flows from Financing Activities

Payments on Insurance Finance Contract (11,342) (7,381)

Proceeds from sale of stock and warrants 0 352,000

Proceeds from exercise of stock options 30,000 0

Net cash provided by financing activities 18,658 344,619

Net increase (decrease) in cash and cash equivalents (1,220,603) (436,033)

Cash and cash equivalents - beginning 1,956,976 625,796

Cash and cash equivalents - ending 736,373 189,763

Supplemental Disclosure of Cash Flow Information:

Cash paid for interest 440 31,184

Cash paid for income taxes 0 0

Supplementary Disclosure of Non-cash Investing and Financing Activities:

Financing of prepaid insurance contracts 12,648 4,001

Stock issued for consulting agreement \$ 0 \$ 65,500

Going Concern

**3 Months Ended
Sep. 30, 2011**

Notes to Financial Statements

Going Concern

NOTE 2 - Going Concern

These unaudited condensed consolidated financial statements have been prepared on a going concern basis, which implies the Company will continue to realize its assets and discharge its liabilities in the normal course of business. As of September 30, 2011, the Company had an accumulated deficit and stockholders' deficit of \$17,132,373 and \$214,870, respectively, and incurred losses from operations of \$1,462,546 for the three months ended September 30, 2011 and used cash from operations of \$1,212,339 during the three months ended September 30, 2011. In addition, the Company has not yet generated revenue sufficient to support ongoing operations. These factors raise substantial doubt regarding the Company's ability to continue as a going concern. The continuation of the Company as a going concern is dependent upon the continued financial support from its stockholders, the ability of the Company to obtain necessary debt or equity financing to continue operations, and the attainment of profitable operations. These unaudited condensed consolidated financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

In February 2011, the Company renegotiated its Line of Credit with its largest principal stockholder (the Lender) to replace the Line of Credit with a five-year convertible note with a reduced principal amount (Note 3). Management believes that its working capital needs will be met over the next eight to twelve months via a combination of sales of stock through private investments resulting from the Company's contacts with institutional and private investors or additional debt financing. There is no guarantee that such fund raising efforts will be successful. If we are unable to generate substantial cash flows from sales of our products, or through financings, we may not be able to remain operational. Management believes the activities presently being taken provide the opportunity for the Company to continue as a going concern.

Condensed Consolidated Balance Sheets (USD \$)	Sep. 30, 2011	Jun. 30, 2011
<u>Assets</u>		
<u>Cash and cash equivalents</u>	\$ 736,373	\$ 1,956,976
<u>Accounts receivable trade, net</u>	110,687	103,824
<u>Inventories</u>	579,836	393,434
<u>Prepaid consulting</u>	0	42,500
<u>Prepaid expenses and other current assets</u>	44,701	29,784
<u>Total current assets</u>	1,471,597	2,526,518
<u>Furniture, fixtures and equipment, net</u>	224,195	209,822
<u>Deposits</u>	15,631	15,631
<u>Total Assets</u>	1,711,423	2,751,971
<u>LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)</u>		
<u>Accounts payable</u>	345,085	270,864
<u>Accrued expenses</u>	72,192	168,445
<u>Insurance premium finance contracts</u>	11,533	10,227
<u>Total current liabilities</u>	428,810	449,536
<u>Convertible note, net of discount</u>	1,497,483	1,497,483
<u>Total liabilities</u>	1,926,293	1,947,019
<u>Stockholders' equity (deficit)</u>		
<u>Preferred stock: \$0.001 par value; 5,000,000 shares authorized; no shares issued and outstanding</u>	0	0
<u>Common stock : \$0.001 par value, 50,000,000 shares authorized, 22,134,570 and 22,104,570 shares issued and outstanding as of September 30, 2011 and June 30, 2011, respectively.</u>	22,135	22,105
<u>Additional paid in capital</u>	16,895,368	16,452,674
<u>Accumulated deficit</u>	(17,132,373)	(15,669,827)
<u>Total stockholders' equity (deficit)</u>	(214,870)	804,952
<u>Total liabilities and stockholders' equity (deficit)</u>	\$ 1,711,423	\$ 2,751,971