mesoblast
the adult stem cell company

asx announcement

MESOBLAST MAKES RAPID PROGRESS TOWARDS ADULT STEM CELL HUMAN CLINICAL TRIALS

Melbourne, Thursday 31 March 2005: Australia's adult stem cell company, Mesoblast Limited (ASX:MSB), today announced that it is set to begin the first human clinical trials using its specialist adult stem cells for orthopaedic and cardiovascular diseases.

Mesoblast Founder and Chief Scientific Advisor, Professor Silviu Itescu, said the human pilot trials would be one of the most significant steps undertaken by the company in proving its technology.

Professor Itescu said that he was delighted with the rapid progress being made by Mesoblast to commercialise its platform technology, and that Australia would be at the vanguard of this very exciting new medical therapy.

"There has been substantial interest from a number of the world's leading medical device and pharmaceutical companies with a view to both clinical collaboration and commercial relationship", he said in the first investor newsletter since Mesoblast's listing in December 2004,

"Mesoblast will seek to form these strategic relationships as early as possible in order to position itself for rapid early delivery of commercial products for the effective treatment of diseases and injuries that impact us all including the regeneration of bone, cartilage, fat, muscle, arteries and heart tissue.

"In contrast to embryonic stem cells, adult stem cells are not associated with ethical concerns. Furthermore, adult stem cells can be easily obtained from healthy adult bone marrow and many other sources. Importantly, they have not been associated with risk of cancer formation.

"Mesoblast's strong early achievements point to rapid delivery of our commercialisation program and progress towards obtaining Investigational New Drug (IND) approval from the FDA in a lead orthopaedic application within two years", he said.

Professor Itescu added that, specifically, in the three months since listing Mesoblast has:

- Put in place strong clinical and regulatory teams

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- Identified FDA-licensed facilities in the United States to produce its adult stem cells under Good Manufacturing Practice (GMP) for its FDA-regulated clinical trials
- Identified key sites to perform pre-clinical safety/toxicologic studies of adult stem cells to meet FDA regulatory criteria
- Identified clinical indications, key opinion leaders, and lead hospitals for our Pilot Clinical Trials in Australia
- Substantially advanced work on the preparation of submissions to Ethics Committees at the lead hospitals, and
- Contracted an Australian GMP facility to produce cells for the Pilot Clinical Trials.

A full copy of the newsletter is available on the company's website at http*://www.mesoblast.com*

About Mesoblast Limited:

Mesoblast Limited (ACN 109 431 870) is an Australian biotechnology company committed to the development of novel treatments for orthopaedic conditions, including the commercialisation of a unique adult stem cell technology aimed at the regeneration and repair of bone and cartilage.

Mesoblast Limited, which listed on the Australian Stock Exchange in December 2004, has the world wide exclusive rights for a series of patents and technologies that have been developed over more than 10 years and which relate to the identification, extraction and culture of adult Mesenchymal Precursor Cells (MPCs). The technology has achieved outstanding results in pre-clinical in vivo studies in the regeneration and repair of large bone fractures.

The company has also acquired a 33.3% interest in Angioblast Systems Inc, an American company developing the platform MPC technology for the treatment of cardiovascular diseases, including repair and regeneration of blood vessels and heart muscle. Mesoblast and Angioblast will jointly fund and progress the core technology.

Mesoblast's strategy is to maximise shareholder value through both corporate partnerships and the rapid and successful completion of pre-clinical and clinical milestones.

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