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COLORADO STATE UNIVERSITY TO TRIAL MESOBLAST'S UNIVERSAL DONOR ADULT STEM CELLS FOR BONE REGENERATION

Melbourne, Australia; 21 July 2005: Australia's adult stem cell company, Mesoblast Limited (ASX:MSB), today announced that it had entered into agreements with Colorado State University to perform preclinical dose-escalation trials of its proprietary, universal donor adult stem cell technology for the treatment of long bone fractures, and for a new indication, intervertebral spinal fusion.

The trials are set to commence prior to the end of August, with the first results expected to be available within five months of trial initiation.

Mesoblast's Founder and Chief Scientific Adviser, Professor Silviu Itescu, said the trials were important milestones in Mesoblast's plan to gain timely United States Food & Drug Administration (FDA) Investigational New Drug (IND) approvals for use of its universal donor adult stem cells in patients needing bone repair/regeneration.

"A major advantage of Mesoblast's technology is that the proprietary adult stem cells are not rejected by the immune cells of an unrelated recipient", Professor Itescu said.

"This opens the possibility to develop an 'off-the-shelf' universal donor adult stem cell product, significantly reducing cost-of-goods, enabling immediate product availability, and increasing the likelihood of widespread product uptake.

"Spinal fusion as a treatment for end-stage intervertebral disc disease represents a very large and established global market opportunity for Mesoblast.

"Currently, almost 300,000 spinal fusion procedures are performed annually in the United States alone, most using a patient's own bone tissues. Mesoblast's universal adult stem cells could provide a more effective alternative for intervertebral bone regeneration without the associated pain and other complications of a bone graft," Professor Itescu said.

Colorado State University is a leading United States tertiary institution, committed to best practice preclinical studies, with extensive experience in providing efficacy and safety data packages meeting strict criteria of the FDA.

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About Mesoblast

Mesoblast Limited (ASX:MSB) 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, 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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