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MESOBLAST SIGNS AGREEMENT WITH MAJOR INTERNATIONAL MEDICAL COMPANY

Melbourne, Australia; 24 August 2005: Australian adult stem cell company, Mesoblast Limited (ASX:MSB), today announced it had entered into an agreement with one of the world's largest medical device companies.

Under this agreement, the medical device company, which has a major international presence in the orthopaedic field, will provide its United States Food & Drug Administration (FDA)-approved carrier materials for use in combination with Mesoblast's proprietary adult stem cells in pre-clinical trials supporting Mesoblast's Investigational New Drug submissions to the FDA.

Mesoblast Executive Chairman, Mr Michael Spooner, said: "This agreement is a clear indicator of the strong interest surrounding Mesoblast's commercialisation of its proprietary technology for the massive international orthopaedic markets.

"This is the first of a series of deals relating to the provision of know how and materials which will enable the company to rapidly progress through its regulatory program.

"Our strategy at this juncture is to prove up our technology and to work with the major international pharmaceutical and medical device companies.

"Our ongoing commercialisation strategy is to achieve regulatory milestones as quickly as is possible whilst building shareholder value.

"Under the agreement, further details relating to the company and the dollar value to Mesoblast are to remain confidential", Mr Spooner said.

About Mesoblast

Mesoblast Limited (www.mesoblast.com) 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 worldwide 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.

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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 are jointly funding and progressing 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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