MESOBLAST IN STRONG CASH POSITION FOR CLINICAL PROGRAM

Melbourne, Australia; 31 October 2005: Australia's adult stem cell company, Mesoblast Limited (ASX:MSB), today announced cash reserves of over $13.36 million at 30 September 2005. During the period to date, earnings were approximately $181,000, principally through interest income, whilst losses were approximately $803,000.

Mesoblast's American-based sister company, Angioblast Systems Inc, in which the company has acquired a 33.3 per cent equity stake, has cash reserves of approximately $2.68 million.

"Since Mesoblast and Angioblast are using their funds to jointly develop and commercialise the platform adult stem cell technology, the total available for product development is $16.04 million," Mesoblast Executive Chairman, Mr Michael Spooner, said.

"These financial results are in line with our forecasts and reflect the ongoing significant activity associated with the rapid commercialisation of Mesoblast's specialist adult stem cell technology.

"In accordance with Mesoblast's accounting practices, all development expenditure associated with bringing the technology to market is being expensed.

"We are very happy with the rapid progress being made, with two human trials expected to begin shortly and an accelerated clinical program through Phase II in place.

"We remain confident that we have sufficient funds to complete in less than two years all clinical and pre-clinical tasks necessary for Investigational New Drug (IND) submissions to the United States Food and Drug Administration (FDA) for both lead orthopaedic and cardiovascular indications," Mr Spooner said.

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. Our focus will be to progress through clinical trials and international regulatory processes necessary to commercialise the technology in as short a time frame as possible.

Mesoblast Limited, 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.

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.

For further information, please visit www.mesoblast.com *or contact:*

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