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MESOBLAST SHAREHOLDERS SHOW STRONG SUPPORT FOR SHARE PURCHASE PLAN

Melbourne, Australia; 15 August 2006: Australia's adult stem cell company, Mesoblast Limited (ASX:MSB), today announced that it had raised \$2.17 million in a recent Share Purchase Plan (SPP) for existing shareholders.

The company has now raised over \$17.17 million in the past month through a placement of shares to institutions and sophisticated investors, as well as the SPP. In total the company currently has approximately \$21.15 million in cash.

Executive Chairman, Mr Michael Spooner, said that, subject to United States Food & Drug Administration (FDA) approval, the funds raised would be used by the company to seamlessly progress to two Phase II Clinical Trials.

"Funds raised are already being put to use by engaging principal investigators and hospitals to undertake these Trials," he said.

"The company remains totally focused on completing our Investigational New Drug (IND) submissions to the FDA. We are very much on schedule to complete these submissions during the fourth quarter of 2006, some six or more months ahead of our original plans.

"We are particularly delighted with the extremely strong supporting data collected from Clinical and Preclinical Trials of the company's platform adult stem cell technology.

"We're appreciative of the strong support of our shareholding community and look forward to keeping the market regularly informed as to our continuing progress," Mr Spooner said.

Notices in relation to the SPP have been forwarded to successful applicants. Shares issued as a result of the SPP will be registered as of today's date.

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 rapid commercialisation of a unique adult stem cell technology aimed at the regeneration and repair of bone and cartilage. Our focus is to progress through clinical trials and international regulatory processes necessary to commercialise the technology in as short a timeframe as possible. Mesoblast 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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