

Rule 2.7, 3.10.3, 3.10.4, 3.10.5

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000, 30/9/2001, 11/3/2002, 1/1/2003, 24/10/2005.

Name of entity

MESOBLAST LIMITED

ABN

68 109 431 870

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|---|--|
| 1 | +Class of +securities issued or to be issued | 1. Ordinary shares (fully paid); and
2. Unlisted options to ordinary shares |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 1. 2,654,471 Fully Paid Ordinary Shares;
and
2. 2,690,000 Unlisted options to ordinary shares. |

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

- 3 Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion)

1,659,471 Fully Paid Ordinary Shares as per the company's constitution issued upon the exercise of share options.

995,000 Fully Paid Ordinary Shares as per the Company's Loan Funded Share Plan (Plan). These shares issue by the Company and have been purchased by the Mesoblast Employee Share Trust at a price per share specified in Table A below, on behalf of the participants to the plan. Mesoblast has loaned the participants those funds at the specified price per share to purchase the shares (Loan), which is repayable to the Company on or before the expiry date as shown in Table A below.

Table A

No. of shares	Loan Price per Share	Loan Expiry
170000	\$8.48	23-Feb-17
775000	\$6.70	30-Jun-17
50000	\$6.69	08-Jul-18

The participants to the Plan will progressively become entitled to the shares over a three year period. If they choose to purchase the shares once vested, the loan must be repaid to the Company immediately.

2,690,000 Unlisted options to acquire ordinary shares, vesting progressively, which have exercise prices and expiry dates as follows:

No. of Options	Exercise Price per Share	Expiry Date
270,000	\$8.48	23-Feb-17
2,220,000	\$6.70	30-Jun-17
200,000	\$6.69	08-Jul-18

+ See chapter 19 for defined terms.

4 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?

If the additional securities do not rank equally, please state:

- the date from which they do
- the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
- the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment

Yes for Ordinary Shares;

5 Issue price or consideration

1,659,471 Ordinary Shares Issued Upon The Exercise of Share Options Raising:

Price per Share	Shares Issued	Funds Received by the Company
\$1.00	106,000	\$106,000
\$1.58	60,000	\$94,800
\$2.00	42,000	\$84,000
\$2.13	550,000	\$1,171,500
\$2.64	80,000	\$211,200
\$3.44	277,389	\$954,218
\$3.48	74,300	\$258,564
USD0.3053	127,956	\$37,966
USD0.3402	255,913	\$84,145
USD0.47391	85,913	\$39,285
TOTAL	1,659,471	\$3,041,678

995,000 Ordinary Shares Issued pursuant to the Company's Loan Funded Share Plan at a price per share of:

Loan Price per Share	No. of shares
\$8.48	170,000
\$6.70	775,000
\$6.69	50,000
TOTAL	995,000

2,690,000 Unlisted Options to Acquire Shares Issued for No Consideration.

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

6	Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)	<p>1,659,471 Ordinary shares issued upon the exercise of options in accordance with the Company's Employee Share Ownership Plan;</p> <p>995,000 Ordinary Shares Issued pursuant to the Company's Loan Funded Share Plan to provide long term incentive remuneration for Australian Employees; and</p> <p>2,690,000 Unlisted Options to Acquire Ordinary Shares pursuant to the Company's Employee Share Ownership Plan to provide long term incentive remuneration for US based employees.</p>
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7	Dates of entering +securities into uncertificated holdings or despatch of certificates	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left; padding: 5px;">Date Registered</th> <th style="text-align: right; padding: 5px;">Number of Securities</th> </tr> </thead> <tbody> <tr><td style="padding: 2px 5px;">24/02/2012</td><td style="text-align: right; padding: 2px 5px;">440,000</td></tr> <tr><td style="padding: 2px 5px;">01/03/2012</td><td style="text-align: right; padding: 2px 5px;">372,400</td></tr> <tr><td style="padding: 2px 5px;">04/05/2012</td><td style="text-align: right; padding: 2px 5px;">127,956</td></tr> <tr><td style="padding: 2px 5px;">01/06/2012</td><td style="text-align: right; padding: 2px 5px;">277,389</td></tr> <tr><td style="padding: 2px 5px;">28/06/2012</td><td style="text-align: right; padding: 2px 5px;">9,000</td></tr> <tr><td style="padding: 2px 5px;">29/06/2012</td><td style="text-align: right; padding: 2px 5px;">400,000</td></tr> <tr><td style="padding: 2px 5px;">02/07/2012</td><td style="text-align: right; padding: 2px 5px;">85,913</td></tr> <tr><td style="padding: 2px 5px;">09/07/2012</td><td style="text-align: right; padding: 2px 5px;">250,000</td></tr> <tr><td style="padding: 2px 5px;">09/08/2012</td><td style="text-align: right; padding: 2px 5px;">85,000</td></tr> <tr><td style="padding: 2px 5px;">30/08/2012</td><td style="text-align: right; padding: 2px 5px;">42,000</td></tr> <tr><td style="padding: 2px 5px;">14/09/2012</td><td style="text-align: right; padding: 2px 5px;">32,900</td></tr> <tr><td style="padding: 2px 5px;">24/09/2012</td><td style="text-align: right; padding: 2px 5px;">2,770,000</td></tr> <tr><td style="padding: 2px 5px;">02/10/2012</td><td style="text-align: right; padding: 2px 5px;">16,000</td></tr> <tr><td style="padding: 2px 5px;">03/10/2012</td><td style="text-align: right; padding: 2px 5px;">85,000</td></tr> <tr><td style="padding: 2px 5px;">05/10/2012</td><td style="text-align: right; padding: 2px 5px;">40,000</td></tr> <tr><td style="padding: 2px 5px;">19/10/2012</td><td style="text-align: right; padding: 2px 5px;">85,913</td></tr> <tr><td style="padding: 2px 5px;">31/10/2012</td><td style="text-align: right; padding: 2px 5px;">225,000</td></tr> <tr> <td style="text-align: right; padding: 2px 5px;">Total</td> <td style="text-align: right; padding: 2px 5px;">5,344,471</td> </tr> </tbody> </table>	Date Registered	Number of Securities	24/02/2012	440,000	01/03/2012	372,400	04/05/2012	127,956	01/06/2012	277,389	28/06/2012	9,000	29/06/2012	400,000	02/07/2012	85,913	09/07/2012	250,000	09/08/2012	85,000	30/08/2012	42,000	14/09/2012	32,900	24/09/2012	2,770,000	02/10/2012	16,000	03/10/2012	85,000	05/10/2012	40,000	19/10/2012	85,913	31/10/2012	225,000	Total	5,344,471
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	Number	+Class
8	287,132,832	Ordinary Shares

	Number	+Class
9	12,448,665	Unlisted Options (238,000 options have lapsed since last Appendix 3B)

10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	All ordinary shares rank equally and participate in the right to dividends equally
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Part 2 - Bonus issue or pro rata issue

11	Is security holder approval required?	N/A
12	Is the issue renounceable or non-renounceable?	N/A
13	Ratio in which the +securities will be offered	N/A
14	+Class of +securities to which the offer relates	N/A
15	+Record date to determine entitlements	N/A
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	N/A

+ See chapter 19 for defined terms.

Appendix 3B

New issue announcement

17	Policy for deciding entitlements in relation to fractions	N/A
18	Names of countries in which the entity has ⁺ security holders who will not be sent new issue documents Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.	N/A
19	Closing date for receipt of acceptances or renunciations	N/A
20	Names of any underwriters	N/A
21	Amount of any underwriting fee or commission	N/A
22	Names of any brokers to the issue	N/A
23	Fee or commission payable to the broker to the issue	N/A
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of ⁺ security holders	N/A
25	If the issue is contingent on ⁺ security holders' approval, the date of the meeting	N/A
26	Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled	N/A
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	N/A
28	Date rights trading will begin (if applicable)	N/A

⁺ See chapter 19 for defined terms.

29	Date rights trading will end (if applicable)	N/A
30	How do +security holders sell their entitlements <i>in full</i> through a broker?	N/A
31	How do +security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	N/A
32	How do +security holders dispose of their entitlements (except by sale through a broker)?	N/A
33	+Despatch date	N/A

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

34 Type of securities
(tick one)

(a) Ordinary Shares Only as described in Part 1

(b) All other securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

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Appendix 3B
New issue announcement

- 35 If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders
- 36 If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories
1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over
- 37 A copy of any trust deed for the additional +securities

Entities that have ticked box 34(b)

- 38 Number of securities for which +quotation is sought
- 39 Class of +securities for which quotation is sought
- 40 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?
- If the additional securities do not rank equally, please state:
- the date from which they do
 - the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
 - the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment
-

+ See chapter 19 for defined terms.

41 Reason for request for quotation now

Example: In the case of restricted securities, end of restriction period

(if issued upon conversion of another security, clearly identify that other security)

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42 Number and +class of all +securities quoted on ASX (including the securities in clause 38)

Number	+Class

+ See chapter 19 for defined terms.

Quotation agreement

- 1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.
- 2 We warrant the following to ASX.
- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
 - There is no reason why those +securities should not be granted +quotation.
 - An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.
Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty
 - Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
 - If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.
- 3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.
- 4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here:  Date: 31 October 2012
Company Secretary

Print name: **Jenni Pilcher**

+ See chapter 19 for defined terms.