

Message from Chairman and CEO

Welcome to the Quarterly Investor Newsletter. It has been an exciting quarter for LCT, with the first two type I diabetes patients in the Russian clinical trial both responding positively to our DiabeCell® product. This has drawn significant attention from both local and international media and has again led to further enquiries regarding participation in the trials.

There have been two capital placements in the last month resulting in the company raising up to \$15 million. This places LCT in a strong financial position and will ensure that all requirements for the clinical trial programs can be met. These new investments have come from Australia and New Zealand as well as the USA demonstrating strong global support for our technology. This has increased our shareholder base and demonstrates strong global as well as local support for our innovative therapeutic technology.

We are pleased to be presenting at the Rodman and Renshaw conference

LCT achieves promising preliminary results

9 October - Positive preliminary data on DiabeCell® phase/IIa trial

- Two patients were injected with their first dose of DiabeCell® at the smallest dose (5,000 islet equivalents) and neither had any adverse events
 - At one month and three months of follow-up respectively, both patients had exceeded a 25% reduction in insulin requirements
 - A second dose is to be administered 6 months later
 - The results are very preliminary and should be interpreted in the context of full data of the trial once complete
- <http://www.lctglobal.com/news/179.php>

22 October - Further positive preliminary data on DiabeCell® trial

- A second patient was implanted with first dose of DiabeCell® in September 2007
 - At one month following the implant the patient was weaned off insulin altogether.
 - Meanwhile at 4 months follow-up, the first patient has reduced his daily insulin requirement by approximately 40%
 - A second dose is to be administered 6 months later
 - These results are very preliminary but did exceed LCT's expectations
- <http://www.lctglobal.com/news/180.php>

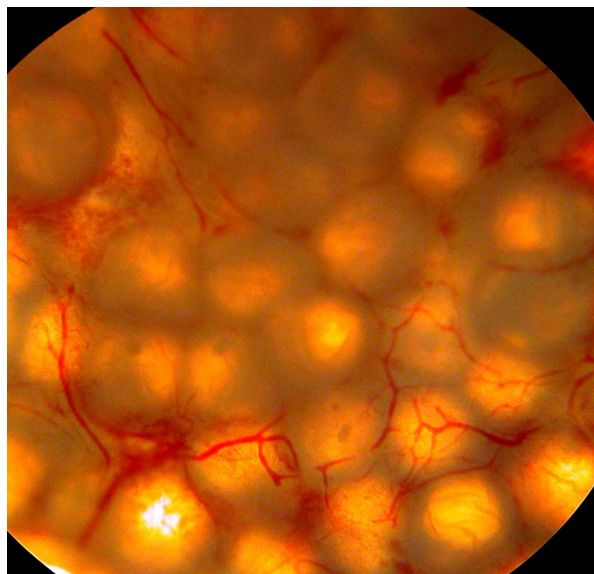


Image: Blood vessels grow into the cluster of encapsulated islets which are kept alive and functioning as an insulin-producing artificial tissue.

in New York this month and also honoured to be invited to present at the annual BBY Healthcare and Life Sciences conference in Sydney on December 4th. Featuring on the ABCTV's 7.30 Report at the end of August was also a highlight of this quarter.

We would like to welcome Dr David Brookes to the board of LCT. David was appointed as an independent director in August and brings with him a wealth of experience in the Life Sciences particularly in clinical trials and capital raising.

We hope you enjoy this review and are pleased to bring you a report on an QEII award to facilitate our work at the Bionic Ear Institute as well as a report on the LCT's presentation at the Rodman and Renshaw conference in New York.

We look forward to keeping you informed of all our developments and hope to see you at the Annual General Meeting on November 27th.

*Simon O'Loughlin,
Chairman
Dr Paul LJ Tan, CEO*

3 October - LCT to raise up to \$9.8million in placement by international investors

- Investment of up to \$9.8 million to be made by US group of investors, NaviGroup Management Ltd
- Initial placement of \$2.4 million to occur within 30 days of the non-binding agreement
- A 90-day period for additional placements to occur following the first tranche, up to an aggregate of amount of \$7.4 million, for a total potential closing of \$9.8 million

<http://www.lctglobal.com/news/182.php>

30 October - LCT announces further \$6.4m capital placement

- A further placement from Australian and New Zealand investors was closed
- The placement provides for up to 17.7 million ordinary shares to be issued at 26 cents per share
- To be approved at the General Meeting of shareholders on November 27
- Funds will be used as working capital to further clinical trials and fund expansion of the pig facility

<http://www.lctglobal.com/news/178.php>

Financials

Ordinary shares	173million
Unlisted options	24million
Market cap.	\$65m
No. shareholders	1,600
Share price 9/11/07	37.5 cents

Product Portfolio

Disease	Discovery	Preclinical	Phase I/II	Pivotal	Market
Huntington's, Neurodegenerative diseases NeurotrophinCell (NtCell)					
Type 1 Diabetes DiabeCell®					
Haemophilia Fac8Cell					

LCT at Rodman and Renshaw conference, New York

Dr Paul Tan, LCT's Chief Executive Officer presented the latest clinical trials data on DiabeCell® at an international biotechnology investor conference in New York on November 7th. The conference was attended by over 2000 members of the international investment community. LCT was one of over 350 private and public companies presenting at the conference and one of a number of leading Australian companies. This exposure to international investors will raise awareness of the Company's technologies and progress to date.

York hosted a reception on behalf of LCT at the New Zealand Consulate General in New York City. The reception was attended by more than 30 invited guests from the investment community who were welcomed by the Consul and also by Chris Boalch, Head of Biotechnology of New Zealand Trade & Enterprise. LCT has been supported by New Zealand Government grants.

LCT CEO, Dr Paul Tan addressed the guests informing them of LCT's plans to increase its visibility in the US with the assistance of the The Channel Group in New York. In conjunction with The Channel Group, LCT is also working with the Global Consulting Group in New York.

In addition to its listing on the ASX, LCT stock commenced trading through the Level 1 ADR program with the ticker symbol OTC:LVCLY.PK, in September this year. The program which has been established through the Bank of New York will assist the company to diversify and broaden its shareholder base in the United States.

Hearing Loss project attracts a QEII Award

Marilyn Geaney, LCT's Neuroscience coordinator has received a QEII study award. The award will be used to spend time at the Bionic Ear Institute in Melbourne gaining knowledge specifically in the field of research associated with the cochlear implant. The awards are highly competitive and are specifically for undertaking training in another Commonwealth country.

Marilyn will be focusing on learning microsurgery techniques for implantation of encapsulated cells into the cochlear as well as techniques for preparing and assessing capsules and examining the responses of surrounding tissue to the implanted capsules. The time spent at BEI will greatly enhance the hearing loss program.

LCT in the News...

ABCTV 7.30 Report

LCT was recently featured on ABCTV's 7.30 Report. The program highlighted the therapeutic potential of LCT's technology for type I diabetes patients. It included interviews with Professor Bob Elliot, LCT's Medical Director and type I diabetes patient, Michael Helyer, who was one of the first to be implanted with LCT's encapsulated insulin producing pig cells. Ten years on, clinical studies reveal that the implanted pig cells are still functional. .

SkyTV Business News

This program highlighted LCT's recent A\$6.4 M capital placement from Taylor Collison on the back of positive clinical trial data that exceeded the Company's expectations.

Annual General Meeting

The AGM will be held on November 27th at 12 noon at the NSW Trade and Investment Centre, ANZAC Room, Level 47, 19 Martin Place, Sydney. Light refreshments will be served following the AGM. We look forward to seeing you there.

Interim General Manager

Paris Brooke has taken maternity leave from LCT and Julia Hill has taken on the interim General Manager role. Julia has over 15 years experience in the biotechnology industry and has worked in scientific research, venture capital, public listed and private companies as well as commercialisation roles within Research Institutes. Julia can be reached at jhill@lctglobal.com

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