

Press Release

STEM CELL SCIENCES ANNOUNCES THE CREATION OF THE WORLD'S FIRST AUTHENTIC RAT EMBRYONIC STEM CELLS FROM ITS EXCLUSIVELY LICENSED TECHNOLOGY

("Stem Cell Sciences", "SCS")

2nd September 2008

Stem Cell Sciences plc (AIM:STEM, ASX:STC), a company focused on the commercialisation of stem cells and stem cell technologies, is pleased to announce that two independent laboratories in the UK and USA have achieved germ-line transmission from embryonic stem (ES) cells in rats using technologies exclusively licensed to the company by Edinburgh University. This is believed to be the first time that germ-line transmission from rat ES cells has been demonstrated, and full scientific reports on this breakthrough, which has been independently verified, have been submitted to a major scientific journal for publication.

Under the terms of its agreement with Edinburgh University, SCS has global exclusive rights to commercialise the rat ES cells, the specific culture medium used to generate and grow the cells, and rats derived therefrom. The company has exclusively licensed two important patents covering this new technology from the University and now plans to engage in confidential discussions with interested parties seeking a sublicense to use rat ES cells in their commercial drug discovery programmes.

The main advantage of this important new technology is that it allows the generation of both knock-out rat models, in which the effect of gene deletion is studied, as well as the generation of knock-in models, which involves the insertion of genes. For example, in the case of knock-out models, their

response to drugs can provide information on safety and efficacy. Alternatively, the insertion of genes such as those involved in drug metabolism in the human liver means that knock-in models can provide information on human safety and pharmacokinetics.

“This remarkable breakthrough will enable the generation of transgenic rat models for drug discovery in a very similar manner to the already widely used transgenic mice models. The advantage here is that rats are viewed as more predictable human models than mice for several psychiatric, neurological and cardiovascular drug targets. The ability to knock-in human genes should also enable drug metabolism studies to be undertaken with higher predictability in rats than previously available. We believe this opens the way to new and more effective drug discovery, and expect there to be considerable commercial interest in access to this exciting technology,” commented Dr Alastair Riddell, Chief Executive Officer of Stem Cell Sciences.

The culture medium patent family (PCT/GB2007/001163), which is filed in multiple territories including the USA, contains several specific enzyme inhibitors, which, when used in certain combinations, can be used to grow embryonic (or pluripotent) rat stem cells reliably in a serum-free environment. The rat ES cell patent family (PCT/GB2007/002913), which is also filed in multiple territories including the USA, gives SCS the exclusive right to make and commercialise unique rat models for biopharmaceutical research and development, a global market with an estimated size in excess of US\$80m.

ENDS

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About Stem Cell Sciences plc

Stem Cell Sciences (SCS) is an international research and development company focusing on the commercial application of stem cell biology technologies for drug discovery and regenerative medicine research. Stem Cell Sciences is now focussing on building revenues through the sale of products, collaborative research and licensing deals with international biotechnology and pharmaceutical companies.

Stem Cell Sciences has a substantial portfolio of patents and patent applications in both adult and embryonic stem cell fields. The Company has been active in the stem cell research field since 1994, principally focused on technologies to grow, differentiate, and purify adult and embryonic stem cells. These include technologies to permit the generation of highly purified stem cells and their differentiated progeny (specialised tissue cell types) for use in genetic, pharmacological and toxicological screens. Moreover, these technologies may be able to provide pure populations of appropriate cell types for transplantation therapies in the future.

The Company has its main research base and headquarters in Cambridge, UK with a second research base in Monash near Melbourne, Australia and a business development office in San Francisco, USA.

For further information on the company please visit: www.stemcellsciences.com.