



Living Cell Technologies Ltd

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ABN: 14 104 028 042

COMPANY ANNOUNCEMENT

LCT raises \$2.8m in fund transaction

7 July 2006, Melbourne, Australia:

Living Cell Technologies Ltd (ASX:LCT) today announced the closing of a AUD\$2.8 million funding transaction with US and Australian institutional and retail investors.

The financing consists of \$2 million in a convertible note at a price of \$0.175 per share (taken up by US investors, including existing LCT shareholder Prospector Ltd) and a further \$0.8 million in share capital, which was placed at \$0.15 per share.

The convertible note will attract 12% interest and is due to mature on or before November 2007, in preparation for LCT's strategy to file with the SEC and to subsequently list in the US Securities Markets.

The financing arrangement represents an initial investment in the future of the company, involving institutional and retail investors in the US and Australia.

All funds are expected to be received by 14 July 2006, at which time the shares will be allotted and issued.

The funds will be used as working capital to bring LCT's DiabeCell and NeurotrophinCell products closer to clinical trials. Pre-clinical work is completed and the company is completing toxicity and manufacturing protocols as part of the regulatory applications.

"US institutional involvement demonstrates a level of understanding in the US of LCT's future prospects. The global cell therapy industry is already a billion dollar market and the overseas support is an endorsement of LCT's products as they approach the clinical trial phase," said Mr Collinson.

On Friday 30th June, 2006, LCT filed the issuing of 652,333 ordinary shares to the NZ Child Health Research Foundation (552,333 shares at \$0.15) and a sophisticated investor (100,000 at \$0.22).

Once the funds are received, it will bring LCT's cash reserves to around \$3.8million, in addition to funding available through recently announced grants.

The financing arrangement has taken up the maximum amount of shares available under ASX listing rule 7.1. The parcel of shares approved at the February General Meeting was not taken up due to current market valuations in the life sciences sector.

Further information:		
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About Living Cell Technologies: www.lctglobal.com

Living Cell Technologies Ltd (ASX: LCT) develop live cell therapy products to treat life threatening human diseases. The ASX listed, vertically integrated company operates globally through offices in New Zealand, Australia and the United States. LCT focuses on developing treatments where healthy living cells are injected into patients to replace or repair damaged tissue, without requiring the use of toxic drugs to prevent rejection. The company's product portfolio focuses on treatments for people with Huntington's disease, insulin-dependent diabetes and haemophilia.

Background Information:

ASX Listing Rule 7.1 provides that a company, must not, subject to specified exceptions, issue or agree to issue during any 12 month period any equity securities, or other securities with rights to conversion to equity (such as an option), if the number of those securities exceeds 15% of the number of securities in the same class on issue at the commencement of that 12 month period.

In accordance with Listing Rule 7.5, the following information is provided in relation to the placement:

- (a) The number of shares issued by the Company will depend on exchange rate at time of conversion of the convertible note (current total shares on issue being 117,720,933).*
- (b) The Shares will be issued at a price of \$0.175 and \$0.15 per share;*
- (c) Shares issued at \$0.15 will be fully paid ordinary shares in the capital of the Company and rank equally in all respects with the Company's existing Shares on issue;*
- (d) The convertible note will be at \$0.175, attracting 12% interest and set to mature on or before November 2007 and treated as term debt;*
- (e) The Shares will be issued to institutional, sophisticated and professional investors as determined by the Company and pursuant to offers that did not require the issue of a disclosure document. The Shares will not be issued to directors or other related parties;*
- (f) AUD\$2.8m before costs will be raised upon final receipt of funds;*
- (g) The funds raised will be applied towards working capital needed to file clinical trial regulatory applications.*