



Press Release

**STEM CELL SCIENCES ENTERS AGREEMENT WITH MYELIN REPAIR
FOUNDATION TO DEVELOP SUSTAINABLE CELL SOURCES FOR CNS DRUG
DISCOVERY**

("Stem Cell Sciences", "SCS")

30th January 2008

Stem Cell Sciences plc (AIM:STEM, ASX:STC) has entered an agreement with the Myelin Repair Foundation (MRF, Saratoga, CA) for the development of techniques that will lead to scalable and sustainable sources of uniform human brain cells for research, target validation and drug discovery assays. Being able to utilise human brain cells would be a significant step forward to confirm results from animal research experiments in demonstrating the relevance of any new drug therapy for CNS disorders.

Under the terms of the agreement, researchers at the MRF-supported Human Neural Assay Center, located at Case Western Reserve University (Cleveland, Ohio), will optimise sustainable methods for culturing SCS' human neural stem (NS) cells and subsequent differentiation into the three principal cell types normally found in the brain: neurons, oligodendrocytes and astrocytes. Historically, access to primary human brain tissue suitable for cell culture has been extremely limited and tissue that was available has been difficult to sustain in culture. Using human NS cells overcomes this problem by providing a constant, dependable and unlimited source of brain cells.

Through this collaboration the parties expect to develop new methods and materials that can be readily utilised by the entire neuroscience community. SCS has the right to first negotiation on commercialising any new products resulting from this collaboration. Utilising human brain cells in place of animal cells at an initial research stage eliminates the genetic variation between species and may significantly improve the relevancy of results in early-stage drug discovery.

"The inherent limitations of animal models in all disease research have been a source of considerable frustration to scientists and those involved in commercial drug discovery," says MRF Chief Operating Officer Russell Bromley. "The inability to achieve concordance between the results achieved in animal models and humans is one of the most common reasons for the failure to advance even the most promising drug targets into commercial development and patient treatments," says Bromley.

"SCS recognises the vision of MRF in developing a robust method based on our NS cells that will ensure increased relevance of early-stage investigations and assessing their therapeutic potential," says SCS Chief

Scientific Officer Tim Allsopp. "It is exciting to participate in such important scientific work, which we hope will have a significant, lasting impact.

"We are delighted to partner with SCS to accomplish our goal of developing and licensing commercially viable drug targets that will lead to myelin repair treatments for multiple sclerosis," Bromley added. "Equally important, however, this is a partnership that could bear fruit for research on all diseases of the CNS."

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Notes to Editors

Stem Cell Sciences plc (SCS, AIM:STEM, ASX:STC) is a global biotechnology company providing the biological infrastructure of cells and cell culture media to the burgeoning stem cell research market.

Stem Cell Sciences' core objective is to develop safe and effective cell-based therapies for currently incurable diseases. SCS retains all rights to its technology for therapeutic use and is targeting cell-based therapies for neurodegenerative disease and injury.

Revenues from Stem Cell Sciences' research business are delivered via an integrated network of business teams and regional offices in Edinburgh and Cambridge (UK), Melbourne (Australia) and San Francisco (USA). This global reach provides the Company with the direct access to markets through experienced personnel and local business networks needed to drive SCS business growth in each region.

The key challenge for the successful application of stem cells in both research and clinical applications is the reproducible supply of pure, fully characterised stem cells and stem cell-derived specialised cells such as nerves and muscle. This represents a significant technological challenge that will require access to multiple technologies and a globally integrated stem cell initiative.

To access cutting edge technologies on a rapid and on-going basis, Stem Cell Sciences has built an exceptional network of highly interactive collaborations with academic centres of excellence in the stem cell field. These collaborations have been the source of our founding technologies and continue to provide an expanding pipeline of products and intellectual property that are central to the Company's strategy and success.

To facilitate research and technology transfer with its major collaborating academic institutions, Stem Cell Sciences' business and scientific teams are usually co-located on site or adjacent to the centre of excellence in independent company facilities. The Company's key collaborating institutes include the Wellcome Trust Centre for Stem Cell Research (University of Cambridge), the Institute of Stem Cell Research (University of Edinburgh), RIKEN Centre for Developmental Biology (Kobe) and the Australian Stem Cell Centre (Melbourne).

Academic and commercial use of stem cells in basic research and drug discovery provides the Company with immediate and growing revenue streams and offsets the cost of technology development for full scale cell production of SCS cell-based therapeutics.

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

The Myelin Repair Foundation (MRF) - <http://www.myelinrepair.org> - is a non-profit medical research foundation dedicated to accelerating basic medical research and its translation into myelin repair treatments that will dramatically improve the lives of people suffering from multiple sclerosis (MS). Many believe MRF's Accelerated Research Collaboration™ model could change the way in which all medical research is done.