



NOTICE OF ANNUAL GENERAL MEETING

Tissue Therapies Limited
ABN 45 101 955 088

Notice is given that the Annual General Meeting of Tissue Therapies Limited ('Company') will be held in the conference room, 4th floor, Q Block, Institute of Health and Biomedical Innovation (IHBI), Queensland University of Technology, corner of Musk Avenue and Blamey Street, Kelvin Grove, Queensland 4059 on Thursday, 9 November 2006 at 10.30am.

AGENDA

Ordinary Business

1. Financial Statements and Reports

To receive and consider the Company's financial statements and the reports of the directors and the auditor for the financial year ended 30 June 2006.

2. Election of David Gardiner

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

'That David George Gardiner, who retires in accordance with Rule 16.1 of the Company's Constitution, and being eligible, be re-elected as a Director of the Company.'

3. Election of Gregory Baynton

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

'That Gregory Baynton who retires in accordance with Rule 16.1 of the Company's Constitution, and being eligible, be re-elected as a Director of the Company.'

4. Directors' Remuneration Report

To consider and, if thought fit, to pass the following resolution in accordance with s250R(2) of the Corporations Act:

'That the section of the Directors' Report dealing with the remuneration of the Company's Directors, Company Secretary and Senior Executives ('Remuneration Report') be adopted.'

NB: This resolution shall be determined as if it were an ordinary (majority) resolution, but under s250R(3) of the Corporations Act, the vote does not bind the Directors of the Company.

Special Business

5. Ratification and Approval of Previous Allotment and Issue of Shares

To consider and, if thought fit, to pass the following ordinary resolution:

'That for the purposes of Listing Rule 7.4 and for all other purposes, the prior issue and allotment of 2,315,500 Shares at an issue price of \$0.70 under a share placement made on 23 November 2005 be ratified.'

DATED this 3rd day of October 2006

By Order of the Board

Drummond McKenzie
Company Secretary

NOTES

- (a) A member who is entitled to attend and cast a vote at the meeting is entitled to appoint a proxy.
- (b) The proxy need not be a member of the Company. A member who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise.
- (c) If you wish to appoint a proxy and are entitled to do so, then complete and return the enclosed proxy form.
- (d) A corporation may elect to appoint a representative, rather than appoint a proxy, in accordance with the *Corporations Act 2001* in which case the Company will require written proof of the representative's appointment which must be lodged with or presented to the Company before the meeting.
- (e) The manner in which the Chairman intends to cast any undirected proxies given to him, ie proxies that do not specify the manner in which way the proxy is to be cast, is set out in the Proxy Form.
- (f) The Company has determined in accordance with Regulation 7.11.37 *Corporations Regulations 2001* that for the purpose of voting at the meeting or adjourned meeting, shares will be taken to be held by those persons recorded in the Company's register of members as at 7pm (Sydney time) on Tuesday 7 November 2006.
- (g) If you have any queries on how to cast your votes then call (07) 3221 0140 during business hours.

VOTING EXCLUSION STATEMENT

Tissue Therapies will disregard any vote cast on Resolution 5 (Ratification and Approval of Previous Allotment and Issue of Securities) by any person who participated in the placement described in item Resolution 5 and an associate of any person who participated in the placement described in Resolution 5.

However, Tissue Therapies need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

EXPLANATORY MEMORANDUM

Tissue Therapies Limited
ABN 45 101 955 088

Ordinary business

1. Financial Statements and Reports

The *Corporations Act 2001* requires that the report of the Directors, the Auditor's report and the financial statements be laid before the Annual General Meeting. In addition the Company's Constitution provides for such reports and statements to be received and considered at the meeting. Neither the *Corporations Act 2001* nor the Company's Constitution requires a vote of shareholders at the Annual General Meeting on such reports or statements, however shareholders will be given ample opportunity to raise questions with respect to these reports and statements at the meeting.

In addition to asking questions at the meeting, shareholders may address written questions to the Chairman about the management of the Company, or to the Company's Auditor which are relevant to:

- the content of the Auditor's Report to be considered at the meeting; or
- the conduct of the audit of the annual financial statements to be considered at the meeting.

Any written questions must be submitted to the Company Secretary before 2nd November 2006 by email to info@tissuetherapies.com, fax to (07) 3220 1482 or by mail to GPO Box 1596, Brisbane Qld 4001.

2. Election of David Gardiner

Professor David Gardiner is non-executive director of the Company and brings extensive legal and corporate governance expertise to the Company. For the past 32 years, David has been a Barrister-at-Law of the Supreme Court of New South Wales and the High Court of Australia.

David is currently a Professor of Law, and Deputy Vice-Chancellor of QUT. He is a director of seven R&D and commercialisation companies, including the biotechnology company Farmacule BioIndustries Pty Ltd.

The Directors (with Professor David Gardiner abstaining) recommend that you vote in favour of this resolution.

3. Election of Gregory Baynton

Gregory Baynton is an executive director of the Company. Greg holds a Bachelor of Business, a Master of Economic Studies and a Post Graduate diploma in Applied Finance and Investment

Greg is a Director of Lodestone Exploration Limited and PIPE Networks Limited. He is also a Director of three Australian biotechnology companies.

The Directors (with Mr Gregory Baynton abstaining) recommend that you vote in favour of this resolution.

4. Remuneration Report

The *Corporations Act 2001* requires that the section of the Directors' Report dealing with the remuneration of Directors, the Company Secretary and up to 5 senior executives ('Remuneration Report') be put to Shareholders for adoption by way of a non-binding vote.

The Remuneration Report may be found in the Annual Report.

Following consideration of the Remuneration Report, the Chairman will give shareholders a reasonable opportunity to ask questions about or to make comments upon, the Remuneration Report.

5. Ratification and Approval of Previous Allotment and Issue of Shares

Resolution 5 seeks Shareholder approval for the issue of 2,315,500 Shares which has been made prior to the date of this Notice of Annual Meeting.

Listing Rule 7.4

Listing Rule 7.1 provides that (subject to certain exceptions, none of which is relevant here) prior approval of Shareholders is required for an issue of securities if the securities will, when aggregated with the securities issued by a company during the previous 12 months, exceed 15% of the number of the shares on issue at the commencement of that 12 month period.

The allotment and issue of Shares detailed in Resolution 5 did not exceed the 15% threshold. However, Listing Rule 7.4 provides that where a company ratifies an issue of securities, the issue will be treated as having been made with approval for the purpose of Listing Rule 7.1, thereby replenishing that company's 15% capacity and enabling it to issue further securities up to that limit.

Resolution 5 proposes the ratification and approval of the allotment and issue of Shares for the purpose of satisfying the requirements of ASX Listing Rule 7.4.

The information required to be provided to Shareholders to satisfy Listing Rule 7.4 is specified in Listing Rule 7.5.

In compliance with the information requirements of Listing Rule 7.5, members are advised of the following particulars in relation to the allotment and issue:

- (a) Date of allotment and issue of the Shares: 23 November, 2005
- (b) Number of Shares allotted and issued: 2,315,500
- (c) Price at which Shares were allotted and issued: \$0.70
- (d) The Shares rank equally in all respects with the existing ordinary shares on issue
- (e) The Shares were issued to 47 clients of ABN AMRO Morgans Limited, Macquarie Equities Limited and Taylor Collison Limited on the basis of confirmed indications of interest among their institutional and sophisticated investor client bases
- (f) The allotment and issue was made to provide additional working capital for the ongoing research and development and marketing of the Company's products.