ASX ANNOUNCEMENT

30 August 2007

Equity Option Plan - Options Issued to Key Researchers & Contractors

Biomedical company, **Tissue Therapies Limited (ASX: TIS)** today advised that it had issued a total of 205,000 Options to key researchers and contractors under its Equity Option Plan approved by shareholders on 29 January 2004.

The Options were issued to nine key researchers and two business development contractors.

As part of the Company's ongoing strategic planning activities, the Board identified the eleven qualifying key individuals working on Tissue Therapies related research and commercial activities, all of whom have over 12 months service associated with research or business development activities for the benefit of Tissue Therapies.

In accordance with the terms of the Equity Option Plan, the Board made an offer of Options to each of these individuals during July 2007 and acceptances have now been received from each offeree.

The Company Equity Option plan allows Board to issue options at no more than a 5% discount to the market price of the Company's shares to provide equity incentives to employees and certain other key individuals, including individuals working either as, or for, independent contractors such as QUT who have served at least 12 months with the Company or with key contractors.

The Options approved by the Board were issued with the following terms and conditions:

1. the exercise price of the Options is based on a 15% premium to the 10 day volume weighted average share price of Tissue Therapies shares for the period ending 27 July 2007, or $0:64 per Option,
2. the term of the Options is 24 months from the date of issue,
3. Options issued will vest 12 months from the date of their issue (or immediately, in the event that the Directors recommend acceptance of a takeover bid for the Company),
4. in the event that the Optionholder is no longer employed by or engaged in Research and Development with either Queensland University of Technology or Tissue Therapies Limited, the Options will lapse if not exercised within 30 days from the date of termination of employment,
5. the Options are not transferable.

Following prior Board approval to offer the Options to the eleven identified individuals under the terms of the Equity Option Plan, the Board approved the issue of a total of 205,000 Options to these individuals on the above terms.

ENDS

Further information: Dr Steven Mercer
CEO, Tissue Therapies Limited
Telephone: 07 3839 9938

Email: s.mercer@tissuetherapies.com

About Tissue Therapies Limited

Tissue Therapies Limited is an Australian company developing biomedical technologies for wound healing, tissue and various cell culture applications.

The Company has worldwide exclusive rights to commercialise VitroGro®, a platform technology developed by tissue engineering experts at the Institute for Health and Biomedical Innovation at QUT for enhancing cell growth and migration. VitroGro® has particular commercial applications in wound healing, tissue regeneration, stem cell therapies and other cell culture uses.

Based on its VitroGro® platform technology, Tissue Therapies is developing more effective medical treatments for wounds and burns, integration of orthopaedic and medical implants, and other applications such as cosmeceuticals.

Tissue Therapies also provides cell culture reagents to enhance the growth of mammalian cells for emerging cell-based therapies, along with research and industrial cell culture markets internationally.

More information: www.tissuetherapies.com

Rule 2.7, 3.10.3, 3.10.4, 3.10.5

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000, 30/9/2001, 11/3/2002, 1/1/2003, 24/10/2005.

Name of entity

Tissue Therapies Limited

ABN

ABN 45 101 955 088

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

1	+Class of +securities issued or to be issued	OPTIONS
2	Number of +securities issued or to be issued (if known) or maximum number which may be issued	205,000 Options issued to key QUT research staff under the Company's Equity Option Plan
3	Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion)	1.The exercise price of the Options is based on a 15% premium to the 10 day volume weighted average share price of Tissue Therapies shares for the period ending 27 July 2007, or $0.64 2. The term of the Options is 24 months from the date of issue, 3. Options issued will vest 12 months from the date of their issue (or immediately, in the event that the Directors recommend acceptance of a takeover bid for the Company), 4.In the event that the Option holder is no longer employed by or engaged in Research and Development with either QUT or Tissue Therapies Limited, the Options will lapse if not exercised within 30 days from the date of termination of employment, 5. The Options are not transferable.

+ See chapter 19 for defined terms.

4	Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities? If the additional securities do not rank equally, please state: • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment	NO From the exercise date of the Options
5	Issue price or consideration	$0.64
6	Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)	To provide equity incentives to key researchers working with the Company's major research, contractor, QUT, on important VitroGro® related research and development. The grantees have more than 12 months involvement with VitroGro® related research and have not previously been granted shares or options in Tissue Therapies.
7	Dates of entering +securities into uncertificated holdings or despatch of certificates	30 August 2007

		Number	+Class
8	Number and +class of all +securities quoted on ASX (*including* the securities in clause 2 if applicable)	30,978,122	Ordinary fully paid shares.

+ See chapter 19 for defined terms.

		Number	+Class
9	Number and +class of all +securities not quoted on ASX (*including* the securities in clause 2 if applicable)	1,075,000 options	Exercisable at 50c each before 30 November 2008
		100,000 options	Exercisable at 95c each before 27 September 2008.
		100,000 options	Exercisable at 95c each before 27 September 2009.
		40,000 options	Exercisable at 80c each before 29 January 2009
		150,000 options	Exercisable at 80c each before 21 April 2008.
		205,000 options	Exercisable at 64c each before 30 August 2009.

10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	Same as policy on all existing quoted Ordinary shares.

Part 2 - Bonus issue or pro rata issue

11	Is security holder approval required?	N/A.
12	Is the issue renounceable or non-renounceable?	N/A.
13	Ratio in which the +securities will be offered	N/A.
14	+Class of +securities to which the offer relates	N/A.
15	+Record date to determine entitlements	N/A.
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	N/A.
17	Policy for deciding entitlements in relation to fractions	N/A.

+ See chapter 19 for defined terms.

18	Names of countries in which the entity has +security holders who will not be sent new issue documents Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.	N/A.
19	Closing date for receipt of acceptances or renunciations	N/A.
20	Names of any underwriters	N/A.
21	Amount of any underwriting fee or commission	N/A.
22	Names of any brokers to the issue	N/A.
23	Fee or commission payable to the broker to the issue	N/A.
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of +security holders	N/A.
25	If the issue is contingent on +security holders' approval, the date of the meeting	N/A.
26	Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled	N/A.
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	N/A.
28	Date rights trading will begin (if applicable)	N/A.
29	Date rights trading will end (if applicable)	N/A.

+ See chapter 19 for defined terms.

30	How do +security holders sell their entitlements *in full* through a broker?	N/A.
31	How do +security holders sell *part* of their entitlements through a broker and accept for the balance?	N/A.
32	How do +security holders dispose of their entitlements (except by sale through a broker)?	N/A.
33	+Despatch date	N/A.

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

34 Type of securities
(*tick one*)

(a) ☐ Securities described in Part 1

(b) ☐ All other securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

35 ☐ If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders

36 ☐ If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories
1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over

37 ☐ A copy of any trust deed for the additional +securities

+ See chapter 19 for defined terms.

Entities that have ticked box 34(b)

38	Number of securities for which +quotation is sought	N/A.
39	Class of +securities for which quotation is sought	N/A.
40	Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities? If the additional securities do not rank equally, please state: • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment	N/A.
41	Reason for request for quotation now Example: In the case of restricted securities, end of restriction period (if issued upon conversion of another security, clearly identify that other security)	N/A.

		Number	+Class
42	Number and +class of all +securities quoted on ASX (*including* the securities in clause 38)	N/A.	N/A.

+ See chapter 19 for defined terms.

Quotation agreement

1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.

- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.

- There is no reason why those +securities should not be granted +quotation.

- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

  Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.

- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here: .... Date: 30 August 2007
(Company secretary)

Print name: Drummond McKenzie

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