TISSUE THERAPIES

ASX ANNOUNCEMENT

9 March 2010

Executive Remuneration Strategy

Biomedical company, **Tissue Therapies Limited (ASX: TIS)** has announced, in accordance with ASX Listing Rule 3.10.3, that the Board has determined to make an offer today of the following securities:

1. An offer to key staff and certain directors (see below) of 2,000,000 options over ordinary shares.

2. The issue of 750,000 of the 2,000,000 options offered is subject to shareholder approval at the next general meeting of the company. It is proposed that 250,000 options be issued to each of Directors Mel Bridges, Cherrell Hirst and Steven Mercer. The option terms will be detailed in the applicable notice of meeting and are otherwise to be issued on the same terms and conditions as noted below.

3. An Appendix 3B accompanies this announcement in respect of the 1,250,000 options which are issued to other staff and which are not subject to approval.

4. Appendix 3Y notifications accompany this announcement in respect of the three Directors who will be issued options subject to shareholder approval.

5. The company also notes that the key performance indicators, including commencement of clinical trials in Canada and completion of trials in Perth, necessary for the vesting of 100,000 options issued to Steven Mercer (per general meeting approval in 2008) have now been satisfied.

The issue of new options to the CEO, Dr Steven Mercer, two other specified Directors and key staff (including Prof. Zee Upton) outlined above is consistent with industry practice and in particular is commensurate with companies of a similar nature to Tissue therapies Limited. The options are intended to provide a long-term incentive and align the participants' interests with those of shareholders, in seeking to maximise the value of the company.

The issue of options is also a prudent measure to allow the company to maximise its cash resources and focus these resources towards its research, development and commercialisation programs.

The options will be issued for nil consideration, but have an exercise price of 26 cents, being 22.58 cents per share, representing the 10 day value weighted average price up to and including 3 March 2010, plus a premium of 15%. The options will vest 12 months from the date of issue of the relevant securities, subject to shareholder approval in the case of the three Directors named above and any earlier vesting conditions including a takeover of TIS. The options will lapse on 31 March 2012. The options will otherwise be on the terms and conditions applicable under the Tissue Therapies Ltd Equity Option Plan.

Full details will be contained in the Remuneration Report section of the Annual Report and in the Notice of Meeting and Explanatory Memorandum for the company's next general meeting.

Further information: Dr Steven Mercer
CEO, Tissue Therapies Limited
Telephone: +61 (0)7 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 repair and cell culture applications.

The Company has worldwide exclusive rights to commercialise VitroGro®, a technology developed by tissue engineering experts at the Institute of 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® technology, Tissue Therapies is developing more effective medical treatments for wound healing including chronic skin ulcers and burns.

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	1,250,000 options issued under the Company's Equity Option Plan. A further 750,000 options have been issued to Directors but are subject to approval of shareholders in general meeting.
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 26c, being a 15% premium to the volume-weighted average price of Tissue Therapies shares for the 10 day period ending 3 March 2010. 2. Options expire on 31 March 2012; 3. Options 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 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 be transferable; 6. The Options cannot be exercised unless the exercise price is less than the share price on the exercise date.

+ 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 date of exercise of the Options
5	Issue price or consideration	26 cents
6	Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)	To provide equity incentives for key researchers and other key people working with Tissue Therapies.
7	Dates of entering +securities into uncertificated holdings or despatch of certificates	9th March 2010

		Number	+Class
8	Number and +class of all +securities quoted on ASX (*including* the securities in clause 2 if applicable)	138,201,447	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)	1,925,000 options (total) constituted by:	
		350,000 options	Exercisable at 64c each on the achievement by the CEO of specified milestones for a period of 2 years from the date of the achievement of each milestone.
		325,000 options	Exercisable at 15c each on the achievement by the CEO of specified milestones for a period of 2 years from the date of the achievement of each milestone.
		1,250,000 options	Exercisable at 26c each by 31st March 2010

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
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

+ See chapter 19 for defined terms.

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

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.

42 Number and +class of all +securities quoted on ASX (*including* the securities in clause 38)

Number	+Class
N/A.	N/A.

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: 9 March 2010
(Managing Director)

Print name: Steven Mercer

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Rule 3.19A.2

Appendix 3Y

Change of Director's Interest Notice

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 30/9/2001.

Name of entity	**TISSUE THERAPIES LIMITED**
ABN	**45 101 955 088**

We (the entity) give ASX the following information under listing rule 3.19A.2 and as agent for the director for the purposes of section 205G of the Corporations Act.

Name of Director	Steven John Mercer
Date of last notice	22 September 2008

Part 1 - Change of director's relevant interests in securities
In the case of a trust, this includes interests in the trust made available by the responsible entity of the trust

Note: In the case of a company, interests which come within paragraph (i) of the definition of "notifiable interest of a director" should be disclosed in this part.

Direct or indirect interest	Indirect
Nature of indirect interest (including registered holder) Note: Provide details of the circumstances giving rise to the relevant interest.	S Mercer as Trustee for LJL Trust
Date of change	9 March 2010
No. of securities held prior to change	1,540,000
Class	Options
Number acquired	250,000
Number lapsed	865,000
Value/Consideration Note: If consideration is non-cash, provide details and estimated valuation	Exercise price of 26c per share
No. of securities held after change	925,000
Nature of change Example: on-market trade, off-market trade, exercise of options, issue of securities under dividend reinvestment plan, participation in buy-back	Grant of Options Under Company's Equity Option Plan. Subject to approval by shareholders in general meeting.

+ See chapter 19 for defined terms.

Part 2 – Change of director's interests in contracts

Note: In the case of a company, interests which come within paragraph (ii) of the definition of "notifiable interest of a director" should be disclosed in this part.

Detail of contract	NIL
Nature of interest	
Name of registered holder (if issued securities)	
Date of change	
No. and class of securities to which interest related prior to change Note: Details are only required for a contract in relation to which the interest has changed	
Interest acquired	
Interest disposed	
Value/Consideration Note: If consideration is non-cash, provide details and an estimated valuation	
Interest after change	

Rule 3.19A.2

Appendix 3Y

Change of Director's Interest Notice

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 30/9/2001.

Name of entity	**TISSUE THERAPIES LIMITED**
ABN	**45 101 955 088**

We (the entity) give ASX the following information under listing rule 3.19A.2 and as agent for the director for the purposes of section 205G of the Corporations Act.

Name of Director	Cherrell Hirst
Date of last notice	20 August 2009

Part 1 - Change of director's relevant interests in securities

In the case of a trust, this includes interests in the trust made available by the responsible entity of the trust

Note: In the case of a company, interests which come within paragraph (i) of the definition of "notifiable interest of a director" should be disclosed in this part.

Direct or indirect interest	Direct
Nature of indirect interest (including registered holder) Note: Provide details of the circumstances giving rise to the relevant interest.	-
Date of change	9 March 2010
No. of securities held prior to change	Nil
Class	Options
Number acquired	250,000
Number disposed	Nil
Value/Consideration Note: If consideration is non-cash, provide details and estimated valuation	Exercise price of 26c per share
No. of securities held after change	250,000
Nature of change Example: on-market trade, off-market trade, exercise of options, issue of securities under dividend reinvestment plan, participation in buy-back	Grant of Options Under Company's Equity Option Plan. Subject to approval by shareholders in general meeting.

+ See chapter 19 for defined terms.

Part 2 – Change of director's interests in contracts

Note: In the case of a company, interests which come within paragraph (ii) of the definition of "notifiable interest of a director" should be disclosed in this part.

Detail of contract	NIL
Nature of interest	
Name of registered holder (if issued securities)	
Date of change	
No. and class of securities to which interest related prior to change Note: Details are only required for a contract in relation to which the interest has changed	
Interest acquired	
Interest disposed	
Value/Consideration Note: If consideration is non-cash, provide details and an estimated valuation	
Interest after change	

Rule 3.19A.2

Appendix 3Y

Change of Director's Interest Notice

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 30/9/2001.

Name of entity	**TISSUE THERAPIES LIMITED**
ABN	**45 101 955 088**

We (the entity) give ASX the following information under listing rule 3.19A.2 and as agent for the director for the purposes of section 205G of the Corporations Act.

Name of Director	Melvyn Bridges
Date of last notice	9 December 2009

Part 1 - Change of director's relevant interests in securities
In the case of a trust, this includes interests in the trust made available by the responsible entity of the trust

Note: In the case of a company, interests which come within paragraph (i) of the definition of "notifiable interest of a director" should be disclosed in this part.

Direct or indirect interest	Indirect
Nature of indirect interest (including registered holder) Note: Provide details of the circumstances giving rise to the relevant interest.	Mr MJ and Mrs LM Bridges, The Bridges Super Fund A/C
Date of change	9 March 2010
No. of securities held prior to change	Nil
Class	Options
Number acquired	250,000
Number disposed	Nil
Value/Consideration Note: If consideration is non-cash, provide details and estimated valuation	Exercise price of 26c per share
No. of securities held after change	250,000
Nature of change Example: on-market trade, off-market trade, exercise of options, issue of securities under dividend reinvestment plan, participation in buy-back	Grant of Options Under Company's Equity Option Plan. Subject to approval by shareholders in general meeting.

+ See chapter 19 for defined terms.

Part 2 – Change of director's interests in contracts

Note: In the case of a company, interests which come within paragraph (ii) of the definition of "notifiable interest of a director" should be disclosed in this part.

Detail of contract	NIL
Nature of interest	
Name of registered holder (if issued securities)	
Date of change	
No. and class of securities to which interest related prior to change Note: Details are only required for a contract in relation to which the interest has changed	
Interest acquired	
Interest disposed	
Value/Consideration Note: If consideration is non-cash, provide details and an estimated valuation	
Interest after change	