

2011 Non-renounceable Rights Issue – Lodgement of Prospectus

Commercial partner negotiations are progressing well with a consensus on the framework for a commercial agreement. Particularly pleasing is the plan for Tissue Therapies to proceed with all regulatory approval processes in Tissue Therapies name, including in the US. This will not only provide Tissue Therapies with the significant practical advantages of being the regulatory sponsor in all jurisdictions, but these approvals, once a commercialisation deal is concluded, are likely to trigger milestone payments to Tissue Therapies.

If concluded within the anticipated timelines, the launch of VitroGro® wound healing products is expected in the EU in early 2012.

In preparation for regulatory approval and sales, the Company has sought expert advice from carefully selected consultants in the US and EU. One result of this advice has been the Board revising its assessment of the size of the global market for treatments for diabetic, venous and pressure ulcers. The Board is now of the view that the potential market for VitroGro® wound care products is substantially higher than the Board's earlier estimates.

This has highlighted the necessity to increase the scale of production of VitroGro® and a detailed plan for this has been agreed with the contract manufacturer.

Maximising the commercial interests of the Company requires, in the Board's view, additional capital to fund these activities now.

The Board proposes to apply the proceeds of the offer and the Placement for larger scale manufacturing, to fund regulatory and where necessary, reimbursement approvals for further product development, and other business expenses. While it might be possible to achieve these goals over a longer period without this fundraising, the Directors believe it is critical that Tissue Therapies move quickly to maximise the significant commercial opportunities now open to it.

Tissue Therapies Limited (**Tissue Therapies**) today announced the:

- placement of 11.50 million ordinary shares to sophisticated and professional investors at \$0.50 each raising approximately \$5.75 million (**Placement**); and
- lodgement of a prospectus for a non-renounceable rights issue of ordinary shares to existing shareholders at \$0.50 each to raise approximately \$9.36 million (**Rights Issue**).

Tissue Therapies intends to raise approximately \$15.10 million through the Placement and Rights Issue.

The Rights Issue is fully underwritten by RBS Morgans Corporate Limited who was also the manager for the Placement.

Terms of the Rights Issue

The Rights Issue entitles eligible Shareholders to subscribe for 1 new share in Tissue Therapies for every 8 existing shares held at 7.00pm (AEST) on 28 April 2011 (**Record Date**), at an issue price of \$0.50 per share (**New Shares**).

The Rights Issue is non-renounceable so Entitlements may not be traded.

The attached letter to eligible Shareholders sets out further details about the Rights Issue.

Eligibility

Eligible Shareholders are those persons who are registered holders of shares on the Record Date and having a registered address in Australia or New Zealand (**Eligible Shareholders**).

Important dates

Announcement of Rights Issue and Placement	15 April 2011
Ex Date	19 April 2011
Settlement of Placement Shares	20 April 2011
Expected date for commencement of normal trading and quotation of Placement Shares on ASX	21 April 2011
Record Date	7.00pm (AEST) 28 April 2011
Prospectus and Entitlement and Acceptance Form despatched to Shareholders (on or before)	29 April 2011
Last date for receipt of Entitlement and Acceptance Form and payment - Closing Date	5.00pm (AEST) 19 May 2011
Securities quoted on a deferred settlement basis	20 May 2011
Expected date for despatch of New Shares holding statements	26 May 2011
Expected date for commencement of normal trading and quotation of New Shares on ASX	27 May 2011

This offer closes at 5.00pm (AEST) on Thursday 19 May 2011.

Copies of the Prospectus are available for review on ASX's website, as well as on Tissue Therapies' website (www.tissuetherapies.com).

Yours sincerely



Steven Mercer
Chief Executive Officer

Further information please contact

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About Tissue Therapies Limited

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

The Company has worldwide exclusive rights to commercialise VitroGro®, a technology developed by cell biology, tissue engineering and protein engineering experts at the Institute for Health and Biomedical Innovation (IHBI) at the Queensland University of Technology (QUT) for enhancing cell growth and migration. VitroGro® has particular commercial applications in wound healing, tissue regeneration, cell based therapies and other cell culture uses.

Based on its VitroGro® technology, Tissue Therapies is developing more effective treatments for acute and chronic wound healing applications including chronic skin ulcers and burns.

Tissue Therapies is also proceeding with the development of other commercial applications for VitroGro® and other technologies for the treatment of psoriasis, scar prevention and treatment and potential treatments for various cancers including those of the breast, colon and prostate.

VitroGro® also provides a fundamental, transforming technology for completely defined cell culture reagents (ie. containing no purified animal or human proteins) to sustain and enhance the growth of live cells for emerging cell-based therapies, along with research and industrial cell culture markets internationally.

More information: www.tissuetherapies.com