ASX RELEASE
27 February 2013

Entitlement Offer to raise approximately A$4.5 million - Tissue Therapies Limited (ASX Code: TIS)

Key Points

- Fully underwritten non-renounceable entitlement offer to raise approximately A$4.5 million.
- Offer price of $0.21 per new share, a 25% discount to the weighted average closing price for the fifteen trading days to 20 February 2013.

Offer overview

Tissue Therapies Limited (**Tissue**) intends to conduct an equity raising via a 1 for 10 non-renounceable entitlement offer of fully paid ordinary shares in Tissue (**New Shares**) to raise approximately A$4.5 million (**Entitlement Offer**).

The offer price for the Entitlement Offer will be $0.21 per share (**Offer Price**).

Under the Entitlement Offer, eligible shareholders will be able to subscribe for 1 new ordinary share in Tissue for every 10 existing shares held at 7.00pm (AEDT) on Thursday, 7 March 2013 (**Record Date**) at the Offer Price (**Entitlements**).

The Entitlement Offer is fully underwritten by RBS Morgans Corporate Limited and Bell Potter Securities Limited.

The proceeds of the Entitlement Offer will allow Tissue to proceed with:

- preparation for and execution of an accelerated sales launch program within the UK and Europe as well as internationally. The sales launch in the UK and Europe is planned to start immediately after CE Mark is granted. CE Mark is now expected during the 2nd half of 2013;
- two health economic impact and reimbursement studies, one in the UK and one in Germany. These studies will be used to build on the impressive health economic and cost saving data already developed, to maximise market access in the EU as well as internationally;

- completion and submission of US FDA applications to conduct two clinical trials required for approval for sale of VitroGro® ECM in the USA. Approval to conduct these two pivotal clinical trials is expected during 4th quarter of 2013; and
- further manufacturing validation data required for FDA approval for sales in the USA.

The Entitlements are non-renounceable and will not be tradeable on ASX or otherwise transferable. Shareholders who do not take up their Entitlements will not receive any value in respect of those Entitlements that they do not take up. Shareholders who are not eligible to receive Entitlements will not receive any value in respect of the Entitlements they would have received had they been eligible.

Approximately 21.4 million new ordinary shares in Tissue will be issued as part of the Entitlement Offer. Shares issued under the Entitlement Offer will rank equally with existing shares.

The Entitlement Offer will include a top up facility under which eligible shareholders who take up their full Entitlement will be invited to apply for additional shares in the Entitlement Offer from a pool of those not taken up by other eligible shareholders. There is no guarantee that applicants under this top up facility will receive all or any of the shares they apply for under the facility.

Tissue will notify shareholders as to whether they are eligible to participate in the Entitlement Offer. Eligible shareholders will receive an information booklet including a personalised entitlement and acceptance form which will provide further details of how to participate in the Entitlement Offer.

Also, under ASX Listing Rules, Appendix 7A, Tissue will despatch a letter in relation to the Entitlement Offer to each holder of options to subscribe for Tissue shares.

A presentation on the Entitlement Offer has been lodged with ASX today and is able to be downloaded from ASX's website, www.asx.com.au.

Key dates[1]

Activity	Date
Announcement of the Entitlement Offer	27 February 2013
Mailing of the Entitlement Offer details	27 February 2013
Ex date	1 March 2013
Record Date for Entitlement Offer (7.00pm (AEDT))	7 March 2013
Information Booklet and Entitlement & Acceptance Form despatched	12 March 2013
Entitlement Offer opens	12 March 2013
Closing date for acceptances under Entitlement Offer (5.00pm (AEDT))	26 March 2013

[1]All dates are indicative only and subject to change. Tissue and the Underwriters reserve the right to withdraw or vary the timetable without notice.

New Shares quoted on deferred settlement basis	27 March 2013
Company notifies ASX of under subscriptions	2 April 2013
Despatch of holding statements for New Shares issued under the Entitlement Offer	4 April 2013
Normal ASX trading for New Shares issued under the Entitlement Offer commences	5 April 2013

For further information, please contact:

Should you have any queries in relation to the Entitlement Offer, please do not hesitate to contact the share registry on 1300 857 499 (within Australia) or +61 2 8280 7753 (outside Australia) at any time from 8.30am to 5.00pm (AEDT) Monday to Friday.

What is VitroGro® ECM

- VitroGro® ECM is a topically applied, biomimetic scaffold, comprising a synthetic extracellular matrix (ECM) protein.
- How it works: VitroGro® ECM replaces the degraded matrix of a hard to heal wound. VitroGro® ECM binds to a prepared wound bed and provides a physical structure (a scaffold) for cell attachment, which is a primary requirement for subsequent cell functions critical for healing, such as cell proliferation and migration [1].
- An optimal scaffold: One of the characteristics of hard to heal wounds is prolonged inflammation, which damages the native ECM that would normally guide the wound healing process [1,2,3,4]. Replacement of this damaged ECM is a beneficial strategy for treating hard to heal wounds [1]. VitroGro® ECM is ideal as an ECM replacement since its structural and functional elements mimic those present in the ECM at the early stages of normal wound healing.
- Expert health economics modelling indicates that VitroGro® ECM offers the opportunity for substantially more cost effective treatment of wounds compared to the current standard of care.

[1] Widgerow AD . Deconstructing the stalled wound. Wounds 2012

[2] Schultz GS. Extracellular Matrix: review of its roles in acute and chronic wounds. World Wide Wounds. 2005

[3] Moor AN. et al. Proteolytic activity in wound fluids and tissues derived from chronic venous leg ulcers. Wound Rep Reg. 2009

[4] International consensus, Acellular matrices for treatment of wounds. Wounds Int. 2010

About Tissue Therapies Limited

Tissue Therapies Limited is a biomedical technology company that is developing significantly more effective treatments for acute and chronic wound healing applications, including chronic skin ulcers and burns. Tissue Therapies Limited is commercialising VitroGro® ECM, a technology created by cell biology, tissue engineering and protein engineering experts at the Institute of Health and Biomedical Innovation at the Queensland University of Technology. The company is also developing treatments for psoriasis, scar prevention and various cancers including those of the breast, colon and prostate. Tissue Therapies Limited's shares are traded on the Australian, Berlin and Frankfurt stock exchanges.

More information: www.tissuetherapies.com

Important information

This announcement does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States, or in any other jurisdiction in which such an offer would be illegal. The securities referred to herein have not been and will not be registered under the United States Securities Act of 1933 (the 'US Securities Act'), or under the securities laws of any state or other jurisdiction of the United States and may not be offered or sold, directly or indirectly, within the United States, unless the securities have been registered under the US Securities Act or an exemption from the registration requirements of the US Securities Act is available.

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This announcement contains certain 'forward-looking statements' within the meaning of the securities laws of applicable jurisdictions. Forward-looking statements can generally be identified by the use of forward-looking words such as 'may,' 'should,' 'expect,' 'anticipate,' 'estimate,' 'scheduled' or 'continue' or the negative thereof or comparable terminology. Any forecasts or other forward looking statements contained in this announcement are subject to known and unknown risks and uncertainties and may involve significant elements of subjective judgment and assumptions as to future events which may or may not be correct. There are usually differences between forecast and actual results because events and actual circumstances frequently do not occur as forecast and these differences may be material. Tissue does not give any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this announcement will actually occur and you are cautioned not to place undue reliance on forward-looking statements.