

## NOTICE OF ANNUAL GENERAL MEETING

Tissue Therapies Limited  
ABN 45 101 955 088

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Notice is given that the Annual General Meeting of Tissue Therapies Limited ('Company') will be held in the conference room, 4<sup>th</sup> 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, 18<sup>th</sup> October 2007 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 2007.

##### 2. Directors' Remuneration Report

To consider and, if thought fit, to pass the following resolution in accordance with section 250R(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 section 250R(3) of the Corporations Act, the vote does not bind the Directors of the Company.

##### 3. Re-election of Roger Clarke

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

*'That Roger Clarke, who retires by rotation in accordance with Listing Rule 14.4 and Rule 16.1 of the Company's Constitution, and being eligible and having offered himself for re-election, be re-elected as a Director of the Company.'*

NB: Information about Roger Clarke appears in the Explanatory Memorandum accompanying this Notice of Meeting.

##### 4. Re-election of Donald Home

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

*'That Donald Home who retires in accordance with Listing Rule 14.4 and Rule 13.2 of the Company's Constitution, and being eligible, be re-elected as a Director of the Company.'*

NB: Information about Donald Home appears in the Explanatory Memorandum accompanying this Notice of Meeting.

#### 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 4,040,000 shares at an issue price of \$0.50 under a share placement made on 26 July 2007 be ratified.'*

##### 6. Approval of Equity Option Plan

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

*'That, for the purpose of Listing Rule 7.2, exception 9(b) and for all other purposes, the Company approve the issue of securities under the Equity Option Plan of the Company, the terms and conditions of which are summarised in the Explanatory Memorandum accompanying this Notice of Meeting.'*

## 7. Issue of Options to Directors

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

*'That, pursuant to section 208(1)(a) of the Corporations Act and Listing Rule 10.14, and in accordance with the Company's Equity Option Plan, the members of the Company approve the granting of options as follows, in the manner outlined in the Explanatory Memorandum:*

- a. 400,000 options to Dr Steven Mercer, Executive Director and Chief executive Officer; and
- b. 100,000 options to Donald Home, Director;

NB: if approval is obtained under Listing Rule 10.14, approval is not required under Listing Rule 7.1 or Listing Rule 10.11, as set out in the Explanatory Memorandum.

DATED this 18<sup>th</sup> day of September 2007

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 16 October 2007.
- (g) If you have any queries on how to cast your votes then call (07) 3839 1482 during business hours.

### VOTING EXCLUSION STATEMENTS

Under Listing Rule 14.11, Tissue Therapies will disregard any vote cast on:

- **Resolution 5** (Ratification and Approval of Previous Allotment and Issue of Securities) by any person, or an associate of any person, who participated in the placement described in item Resolution 5;
- **Resolution 6** (Approval of Equity Option Plan) by Messrs Roger Clarke, Steven Mercer, Gregory Baynton, David Gardiner and Donald Home (being directors of the Company and potentially eligible participants under the Equity Option Plan) or an associate of any such person ; and
- **Resolution 7** (Issue of Options to Directors ) by Messrs Roger Clarke, Steven Mercer, Gregory Baynton, David Gardiner and Donald Home (being directors of the Company and potentially eligible participants under the Equity Option Plan) and an associate of any such person;

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

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## 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 9<sup>th</sup> October 2007 by email to [info@tissuetherapies.com](mailto:info@tissuetherapies.com), fax to (07) 3839 1486 or by mail to GPO Box 1596, Brisbane Qld 4001.

### 2. 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.

### 3. Re-election of Roger Clarke

Rule 16.1 of the Company's Constitution, and in accordance with Listing Rule 14.4, provides for the retirement of one third of the directors from office at each annual general meeting which is consistent with the requirements of the Listing Rules.

In accordance with the constitution, Roger Clarke retires as Director and offers himself for election as a new director at this Annual General Meeting.

Set out below is a brief bio for Roger Clarke.

#### Roger Clarke

Roger Clarke is a non-executive director and Chairman of the Company. He holds a Bachelor of Commerce and is a Chartered Accountant.

Roger has over 30 years commercial experience, principally in the investment banking industry, with responsibilities in fund management, banking and corporate finance, and involvement in a significant number of initial public offers, capital raisings and corporate transactions.

Roger is chairman of ABN AMRO Morgans Limited, and a director of MTQ Insurance Ltd, Northstate Capital Limited and PIPE Networks Limited.

#### Directors' recommendation

The Directors (with Mr Roger Clarke abstaining) recommend you vote in favour of this resolution.

### 4. Re-election of Donald Home

Donald Home was appointed to the Board as an additional director on 14 November 2006, following the last Annual General Meeting. The Company's Constitution, under Rule 13.2, and in accordance with Listing Rule 14.4, requires the retirement of any director who is appointed to fill a casual vacancy or as an addition to the Board, at the next annual general meeting. Donald Home retires in compliance with Listing Rule 14.4 and offers himself for re-election as a director at this meeting. In accordance with Rule 13.2, being eligible, Donald presents himself for re-election as a director.

Set out below is a brief bio for Donald Home.

### **Donald Home**

Donald holds a Bachelor of Science (Honours), and has more than 20 years high technology health industry experience including sales, marketing, licencing, acquisitions and international marketing and strategic planning in private and public companies

### **Directors' recommendation**

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

## **5. Ratification of Previous Allotment and Issue of Shares**

Resolution 5 seeks Shareholder ratification for the issue of 4,040,000 shares which occurred on 26 July 2007.

### **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: 26 July 2007
- (b) Number of Shares allotted and issued: 4,040,000
- (c) Price at which Shares were allotted and issued: \$0.50
- (d) The Shares rank equally in all respects with the existing ordinary shares on issue
- (e) The Shares were issued to clients of ABN AMRO Morgans Limited and Macquarie Equities 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.

## **6. Approval of Equity Option Plan**

The Directors of the Company seek authorisation to issue securities under the Equity Option Plan ('EOP') in accordance with Listing Rule 7.2, Exception 9(b).

Under Listing Rule 7.1, companies are generally restricted from issuing more than 15% of their issued share capital in any 12 month period without shareholder approval. There are a number of exceptions to this restriction, including Listing Rule 7.2 Exception 9(b), which applies where there is an issue of securities under an employee incentive scheme if, within three years before the date of issue, holders of ordinary securities have approved the issue of securities under the scheme as an exception to Listing Rule 7.1.

The Board has the power to establish and to generally issue options under the EOP. The Board considers it prudent to seek shareholder approval so that such issues will not be taken into account for the purposes of the 15% limit under Listing Rule 7.1. The Board considers it desirable to maintain this flexibility to access capital through subsequent issues as required.

The EOP was adopted on 18 March 2004. Approval for the EOP is therefore required for the purposes of Listing Rule 7.1. There have been no changes to the EOP, however three years have elapsed since it was last adopted for the purposes of Listing Rule 7.2 Exception 9(b).

There are currently 1,670,000 options on issue under the EOP. Of these:

- 1,075,000 are exercisable at \$0.50;
- 205,000 are exercisable at \$0.64
- 190,000 are exercisable at \$0.80
- 200,000 are exercisable at \$0.95

## **Purpose for issue of Shares and Options**

The Board purpose for issuing Options (and subsequently, Shares) under the EOP is to enable Tissue Therapies to attract and retain highly skilled management, employees and consultants to align incentives with the interests of Shareholders, and motivate management to increase Shareholder value and thus the share price for the benefit of Shareholders collectively.

The Board considers the proposed EOP will enhance the attractiveness of the Company to key personnel and therefore have a positive effect on the Company's ability to retain those personnel over the medium to long term. The Board wishes to encourage personnel to participate in these plans on the basis that they can share in the growth of the Company they are working to grow.

A copy of the plan is available at the Company's website, [www.tissuetherapies.com](http://www.tissuetherapies.com), or by calling the Company Secretary on (07) 3839 9938. A copy has also been released to ASX and is available at [www.asx.com.au](http://www.asx.com.au).

The following further information is provided in accordance with Listing Rule 7.2.

## **Key terms of the EOP**

The Board is empowered under the EOP Rules to determine the key terms of any options issued under the EOP, including the exercise price, expiry date, earliest exercise date, vesting conditions (if any) and transferability.

## **Eligibility**

From time to time, the Directors may offer options to selected employees of the Company or any other subsidiary of the company who have previously been employed for at least 12 months ('Eligible Employee'). Offers to Eligible Employees are made having regard to the level of responsibility, length of services, individual performance and the overall performance of the Company. Eligible Employees may also include directors and independent contractors of the Company or any subsidiary of the Company, although any issue to a director requires prior shareholder approval for such issue under Listing Rule 10.14.

## **Participation**

Each Eligible Employee who accepts an offer to take up options becomes a 'Participant' in the EOP.

## **Granting of Options**

Options are granted on the basis of 1 option to take up 1 new ordinary share in the Company. The Board must not grant options if and to the extent that the aggregate of:

- all shares that would then be under Option (whether or not any or all of the relevant options are then capable of exercise) under the Plan; and
- all shares then previously issued (within the period of 2 years immediately preceding) under the Plan;

exceeds 10% of the Shares then in issue.

## **Option Price**

The Directors may set the price for options from time to time, taking into account the actual and projected value of the Company and the recent trading history of the Company's shares. The exercise price in relation to any option, as determined by the Board, must not be less than a discount of 5% to:

- the weighted average sale price of shares traded during that period; or
- the average sale price per Share calculated on the last five trades;

provided that the exercise price must not be less than any minimum amount from time to time required under the Listing Rules.

## **Directors' Recommendation**

The Board recommends that members vote in favour of approving the EOP.

## **7. Issue of Options to Directors**

Subject to the approval of Resolution 7, the Company proposes to issue options to each of the directors under the Equity Option Plan which will be subject to the satisfaction of certain performance milestones as outlined below.

The options which the Company proposes to issue to Dr Steven Mercer, Executive Director and Chief executive Officer are in lieu of a cash bonus specified in Dr Mercer's contract of employment and are structured so they will only vest as and when predetermined milestones have been met by the Company and shareholder value is added to the Company.

Once approval is obtained pursuant to Listing Rule 10.14, Tissue Therapies is entitled to rely on Listing Rule 10.12, Exception 4 as an exception to any requirement that may otherwise apply requiring shareholder approval under Listing Rule 10.11. Similarly, approval will not be required under Listing Rule 7.1.

Approval is sought for the grant of the following options as contained in the table below:

**A. 400,000 performance based Options to Dr Steven Mercer, Executive Director and Chief executive Officer, with each relevant tranche of Options vesting upon the achievement of each Key Performance Milestone (as listed below):**

<b>Key Performance Milestone</b>	<b>No. of Options</b>
<i>Clinical Trial Agreement signed with Canadian Clinician(s)</i>	30,000
<i>Start Canadian Clinical Trial</i>	40,000
<i>Complete Canadian Clinical Trial (receipt of final report)</i>	50,000
<i>Complete VitroGro® Toxicology Testing (receipt of final report)</i>	20,000
<i>Receive Golden Casket Project Ethics Approval for Clinical Trial</i>	30,000
<i>Successful First Shipment of VitroGro® to Invitrogen</i>	40,000
<i>Chimeric Manufacturing Complete (receipt of manufacturing batch record for first commercial quantity of Chimeric VitroGro®)</i>	40,000
<i>Complete Animal Partial Thickness Wound Trial (receipt of final report)</i>	50,000
<i>Sign and announce commercial Deal for VitroGro® Wound Dressing</i>	50,000
<i>Sign and announce Clinical Trial Agreement with Australian Clinician</i>	30,000
<i>Achievement of all VitroGro® IP Transfer Conditions</i>	20,000
<i>Total (if all Key Performance Milestones achieved)</i>	400,000

1. Options are non-transferable;
2. Options will vest in their relevant tranches on the achievement of each of the respective Key Performance Milestones, and all Incentive Options will vest immediately, in the event that the Directors recommend acceptance of a takeover bid for the Company;
3. Those Options which have not vested Options by the first anniversary of the grant of the above option package will expire;
4. The exercise price of all Options listed above will be calculated as a 15% premium to the 10 day volume-weighted average share price of Tissue Therapies shares for the period ending 27 July 2007 which is equal to 64 cents;
5. The Options will expire on the second anniversary of the date of their issue ;
6. It is intended that the Options will be issued within 5 days after the Annual General Meeting, but in any event will be issued no later than 12 months after the meeting;
7. If there is a reorganisation (including consolidation, sub-division, reduction or return) of the share capital of the Company, the rights of each holder of options issued will be changed to the extent necessary to comply with the Listing Rules applying to a re-organisation of capital at the time of the re-organisation;
8. All shares issued pursuant to the exercise of options will, subject to the Constitution of the Company, rank in all respects (other than in respect of dividends, rights issues or bonus issues declared prior to allotment) pari passu with the existing Shares at the date of issue and allotment; and
9. The options will not be quoted on ASX. Tissue Therapies intends to apply to ASX for quotation of any Shares acquired on exercise of the options.

**100,000 Options to Donald Home, Director; on the following terms:**

1. Options are non-transferable;
2. The Options will expire on the second anniversary of the date of their issue;
3. The Options will be exercisable within 30 days, in the event that the Option holder ceases to be a Director of the Company;
4. The exercise price of the Options will be calculated as a 15% premium to the 10 day volume-weighted average share price of Tissue Therapies shares for the period ending 27 July 2007 which is equal to 64 cents; and
5. It is intended that the Options will be issued within 5 days after the Annual General Meeting, but in any event will be issued no later than 12 months after the meeting.
6. If there is a reorganisation (including consolidation, sub-division, reduction or return) of the share capital of the Company, the rights of each holder of options issued will be changed to the extent necessary to comply with the Listing Rules applying to a re-organisation of capital at the time of the re-organisation;
7. All shares issued pursuant to the exercise of options will, subject to the Constitution of the Company, rank in all respects (other than in respect of dividends, rights issues or bonus issues declared prior to allotment) *pari passu* with the existing Shares at the date of issue and allotment; and
8. The options will not be quoted on ASX. Tissue Therapies intends to apply to ASX for quotation of any Shares acquired on exercise of the options.

Directors potentially eligible to participate in the ESOP include Messrs Roger Clarke, Steven Mercer, Gregory Baynton, David Gardiner and Donald Home.

Previously the following parties have received options under the Equity Option Plan:

Roger Clarke - 150,000 options;

Steven Mercer – 500,000 options upon commencement (260,000 lapsed, 240,000 on issue), 300,000 previous milestone options (260,000 lapsed, 40,000 on issue);

Gregory Baynton – 600,000 options (via Orbit Capital);

David Gardiner – 100,000 options (beneficially held by QUT);

Neil Reinhardt (retired director) – 100,000 options.

Additional details are available in the Annual Report for the year ended 20 June 2007.

- (a) if there is a reorganisation (including consolidation, sub-division, reduction or return) of the share capital of the Company, the rights of each holder of options issued will be changed to the extent necessary to comply with the Listing Rules applying to a re-organisation of capital at the time of the re-organisation;
- (b) all shares issued pursuant to the exercise of options will, subject to the Constitution of the Company, rank in all respects (other than in respect of dividends, rights issues or bonus issues declared prior to allotment) *pari passu* with the existing Shares at the date of issue and allotment; and
- (c) the options will not be quoted on ASX. Tissue Therapies intends to apply to ASX for quotation of any Shares acquired on exercise of the options.

**General Information**

Consistent with the accounting standards, the Company discloses the following information concerning the value of the options to be issued to each of the Directors. A fair value for the options to be issued has been calculated using the Black Scholes methodology and based on a number of assumptions, set out below, with an adjustment to the expected life of the option to take account of limitations on transferability. The Board believes this valuation model to be appropriate to the circumstances and has not used any other valuation or other models in proposing the terms of the options.

The Board draws shareholders' attention to the fact the stated valuation does not constitute and should not be taken as audited financial information. The reportable value of the employee benefit expense in subsequent financial periods may vary due to a range of timing and other factors. In particular, the figures were calculated effective as at 29 August 2007.

Underlying price	\$0.56
Volatility	40%
Dividend Yield (estimate)	0
Expiry Date	27 August 2009
Exercise (strike) price	\$0.64
Risk free rate	6.79%
<b>Option Value</b>	<b>\$0.12</b>
Number of options issued	Aggregate if all milestones achieved 500,000
<b>Employee benefit expense</b>	<b>\$60,000</b>

### Remuneration

The following table sets out fees received by Steven Mercer and Donald Home for the year ended 30 June 2007:

Director	Steven Mercer	Donald Home
Annual Director's fees (inclusive of superannuation where applicable)	-	\$13,746
Base annual salary (inclusive of superannuation where applicable)	\$184,658	-
Equity based compensation (12 months to 30 June 2007)	\$29,550	-

### Existing interests and the dilutionary effect on other members interests

The effect that the exercise of the options will have on the interests of the Director relative to other members' interests is set out in the following table. The table assumes no further issues of shares in, or reconstruction of the capital of the Company during the time between issue and exercise of the option.

<b>Steven Mercer (As at the date of this Notice of Meeting)</b>	
The total number of shares on issue in the capital of the Company	30,978,122 ordinary shares in Tissue Therapies Limited
Shares currently held by Steven Mercer, Director (including indirect interests)	69,379 ordinary shares in Tissue Therapies Limited
% of shares currently held by Director	0.22% of the ordinary shares in Tissue Therapies Limited
Options held by Director prior to Annual General Meeting (including indirect interests)	240,000 options
Options to be issued under this resolution to Director following Annual General Meeting	400,000 options
Shares that will be held following the exercise of all Options held by Director	709,379 ordinary shares in Tissue Therapies Limited
% of Shares that would be held by Director assuming no other Options held by other parties were exercised	2.24% of the ordinary shares in Tissue Therapies Limited
% of Shares that would be held by Director assuming all other Options held by other parties were exercised (fully diluted basis)	2.14% of the ordinary shares in Tissue Therapies Limited

<b>Donald Home (As at the date of this Notice of Meeting)</b>	
The total number of shares on issue in the capital of the Company	30,978,122 ordinary shares in Tissue Therapies Limited
Shares currently held by Donald Home, Director (including indirect interests)	NIL ordinary shares in Tissue Therapies Limited
% of shares currently held by Director	0% of the ordinary shares in Tissue Therapies Limited
Options held by Director prior to Annual General Meeting (including indirect interests)	NIL options
Options to be issued under this resolution to Director following Annual General Meeting	100,000 options
Shares that will be held following the exercise of all Options held by Director	100,000 ordinary shares in Tissue Therapies Limited
% of Shares that would be held by Director assuming no other Options held by other parties were exercised	0.32% of the ordinary shares in Tissue Therapies Limited
% of Shares that would be held by Director assuming all other Options held by other parties were exercised (fully diluted basis)	0.30% of the ordinary shares in Tissue Therapies Limited

**Directors' recommendation**

The Directors (with Donald Home and Steven Mercer abstaining) recommend that you vote in favour of this resolution.



# TISSUE THERAPIES

ABN 45 101 955 088

Please return your Proxy forms to:

Link Market Services Limited  
Level 12, 680 George Street, Sydney NSW 2000  
Locked Bag A14, Sydney South NSW 1235 Australia  
Telephone: (02) 8280 7454  
Facsimile: (02) 9287 0309  
ASX Code: TIS  
Website: www.linkmarketservices.com.au

## APPOINTMENT OF PROXY

If you would like to attend and vote at the Annual General Meeting, please bring this form with you. This will assist in registering your attendance.



X99999999999

I/We being a member(s) of Tissue Therapies Limited and entitled to attend and vote hereby appoint

**A** the Chairman of the Meeting (mark box)

OR if you are NOT appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered securityholder) you are appointing as your proxy

or failing the person/body corporate named, or if no person/body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following instructions (or if no directions have been given, as the proxy sees fit) at the Annual General Meeting of the Company to be held at 10:30am on Thursday, 18 October 2007, at 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 and at any adjournment of that meeting.

Where more than one proxy is to be appointed or where voting intentions cannot be adequately expressed using this form an additional form of proxy is available on request from the share registry. Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the meeting. The Chairman of the Meeting intends to vote undirected proxies in favour of all items of business.

**B** To direct your proxy how to vote on any resolution please insert  in the appropriate box below.

	For	Against	Abstain*		For	Against	Abstain*
<b>Resolution 1</b> Financial Statements and Reports	No vote required			<b>Resolution 5</b> Ratification and Approval of Previous Allotment and Issue of Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Resolution 2</b> Directors' Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<b>Resolution 6</b> Approval of Equity Option Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Resolution 3</b> Election of Roger Clarke	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<b>Resolution 7</b> Issue of Options under the company's Equity Option Plan to Acquire Ordinary Shares ("Options") to:			
<b>Resolution 4</b> Election of Donald Home	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	(a) Dr Steven Mercer	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
				(b) Mr Don Home	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

### IMPORTANT:

If the Chairman of the Meeting is appointed as your proxy, or may be appointed by default and you do not wish to direct your proxy how to vote as your proxy in respect of Items 3 and 6 above, please place a mark in this box. By marking this box, you acknowledge that the Chairman of the Meeting may exercise your proxy even though he/she has an interest in the outcome of these Items and that votes cast by him/her for these Items, other than as proxyholder, would be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the Chairman of the Meeting will not cast your votes on Items 3 and 6 and your votes will not be counted in calculating the required majority if a poll is called on these Items. The Chairman of the Meeting intends to vote undirected proxies in favour of Items 3 and 6.

**C**

\* If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

## C SIGNATURE OF SECURITYHOLDERS – THIS MUST BE COMPLETED

Securityholder 1 (Individual)

Sole Director and Sole Company Secretary

Joint Securityholder 2 (Individual)

Director/Company Secretary (Delete one)

Joint Securityholder 3 (Individual)

Director

This form should be signed by the securityholder. If a joint holding, either securityholder may sign. If signed by the securityholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the securityholder's constitution and the Corporations Act 2001 (Cwlth).

Link Market Services Limited advises that Chapter 2C of the Corporations Act 2001 requires information about you as a securityholder (including your name, address and details of the securities you hold) to be included in the public register of the entity in which you hold securities. Information is collected to administer your securityholding and if some or all of the information is not collected then it might not be possible to administer your securityholding. Your personal information may be disclosed to the entity in which you hold securities. You can obtain access to your personal information by contacting us at the address or telephone number shown on this form. Our privacy policy is available on our website (www.linkmarketservices.com.au).

TIS PRX741



## How to complete this Proxy Form

### 1 Your Name and Address

This is your name and address as it appears on the company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

### 2 Appointment of a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in section A. If the person you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the name of that person in section A. If you leave this section blank, or your named proxy does not attend the meeting, the Chairman of the Meeting will be your proxy. A proxy need not be a shareholder of the company. A proxy may be an individual or a body corporate.

### 3 Votes on Items of Business

You should direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

### 4 Appointment of a Second Proxy

You are entitled to appoint up to two persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the company's share registry or you may copy this form.

To appoint a second proxy you must:

- (a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- (b) return both forms together.

### 5 Signing Instructions

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, either securityholder may sign.

Power of Attorney: to sign under Power of Attorney, you must have already lodged the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission. A form of the certificate may be obtained from the company's share registry.

### Lodgement of a Proxy

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by 10:30am on Tuesday, 16 October 2007, being not later than 48 hours before the commencement of the meeting. Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy forms may be lodged using the reply paid envelope or:

- by posting, delivery or facsimile to Tissue Therapies Limited's share registry as follows:  
Tissue Therapies Limited  
C/- Link Market Services Limited  
Locked Bag A14  
Sydney South NSW 1235  
Facsimile: (02) 9287 0309
- delivering it to Level 12, 680 George Street, Sydney NSW 2000.