



ASX ANNOUNCEMENT

16 January 2008

CONVERTIBLE NOTE LOAN FACILITY AGREEMENT

Tissue Therapies Limited ("Tissue Therapies" or the "Company") is pleased to announce that it has agreed the key terms and conditions of a \$500,000 convertible note loan facility. The key terms and conditions are detailed below.

The facility will allow the Company to take advantage of strategic opportunities, including the proposed scale up in manufacturing of its lead product VitroGro™. The facility is complimentary to existing funding in place to progress the Company's clinical trial programme. The facility will generally allow Tissue Therapies to optimise its revenue generating operations, primarily through the abovementioned manufacturing scale up, and also enhance its intellectual property protection strategies.

The issue of convertible notes under the facility will be conditional upon receiving shareholder approval in general meeting, pursuant to ASX Listing Rule 10.11. It is intended to seek such approval at the Company's Annual General Meeting, or at any Extraordinary General Meeting convened prior to that time.

The other key terms and conditions of the loan facility are as follows:

Borrower	Tissue Therapies Limited (ACN 101 955 088)
Lender	Entities associated with the Chairman
Amount of loan facility	\$500,000.00
Term	Repayment in full on 31 March 2009, if not repaid earlier.
Drawdown	Drawdown by Tissue Therapies in tranches of \$100,000 on 7 days notice. Once drawn, no redraw is permitted.
Interest Rate	10% per annum calculated on the drawn balance, calculated on daily basis and payable every 3 months.
Facility Fee	Nil.
Security	Unsecured, with negative pledge that company will not charge any of its assets in priority to this facility.

Early Repayment Early repayment is permitted at any time at the Borrower's option. If the Company raises further equity or equity-related capital then this facility will be extinguished and any monies owing are to be repaid from the proceeds of the capital raising.

Conversion Conversion to ordinary shares (in all or part) at any time after 30 June 2008 and subject to shareholder approval requirements, either notice provided by the Lender or by the Company, at a price per share equivalent to a 10% discount to the 10-day volume-weighted average share price immediately prior to conversion. If the Company gives notice of conversion, such notice must be accompanied by a declaration of solvency.

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