



# TISSUE THERAPIES

---

## TISSUE THERAPIES LIMITED SHARE PURCHASE PLAN

---

21 July 2008

**This is an important document.**

If you have any doubts as to what you should do,  
please consult your stockbroker, accountant  
or other professional adviser.

**Tissue Therapies Limited**  
ACN 101 955 088

# OFFER AT A GLANCE

---

## Key dates

<b>Announcement Date</b>	21 July 2008	Share Purchase Plan is announced to the market
<b>Record Date</b>	4 August 2008 (7.00pm Brisbane time)	Date for determining Eligible Shareholders
<b>Opening Date</b>	6 August 2008	Share Purchase Plan opens
<b>Closing Date</b>	25 August 2008	Share Purchase Plan closes at 4.00pm (Brisbane time) on this date
<b>Allotment Date</b>	29 August 2008	Shares to be issued under Share Purchase Plan are allotted
<b>Despatch Date</b>	2 September 2008	Confirmation of transaction despatched to shareholders (Allotment Notice)
<b>Quotation Date</b>	3 September 2008	At which time Shares are expected to be traded on ASX

*\* Dates are indicative only and Tissue Therapies retains the right to vary these dates without advance notice.*

## Key Offer details

<b>Issue Price</b>	\$0.08 per Share
<b>Minimum Application Amount</b>	\$1,000 and multiples of \$1,000 thereafter (12,500 Shares)
<b>Maximum Application Amount</b>	\$5,000 (62,500 Shares)

## Important Notice

These materials do not constitute an offer of securities for sale in any place outside Australia and this Offer is only made to eligible Tissue Therapies shareholders who, as at the Record Date, are registered shareholders with a registered address in Australia.

Directors of Tissue Therapies who are Eligible Shareholders, reserve the right to participate in the SPP.

The Share Purchase Plan may be varied, suspended or terminated by the Board at any time at the Board's absolute discretion without advance notice. Neither the Company nor the Board accepts or assumes any liability to shareholders by reason of variation, suspension or termination of the Plan.

The acquisition of Shares in the Company under the Plan will have different ramifications depending upon the circumstances of each Eligible Shareholder. Eligible Shareholders wanting to participate in the Plan should obtain independent advice in relation to the taxation consequences of an investment under the Plan.

Tissue Therapies reserves the right to refuse any application made, for example, if a cheque is returned unpaid or if the Application Form has not been properly completed, or where there are grounds for believing that the applicant is not acting in good faith or if holdings have been split into smaller parcels for the purpose of multiple applications under the Plan. Application Forms received after the Closing Date will not be accepted.

# QUESTIONS

# AND

# ANSWERS

*\*\* Capitalised terms are defined in the Plan.*

## **What is the Share Purchase Plan?**

The Share Purchase Plan (**Plan**) being offered by Tissue Therapies provides Eligible Shareholders with the opportunity to purchase additional Shares in the Company without incurring brokerage and transaction costs at \$0.08 per Share, to raise approximately \$743,475 closing on 25 August 2008 and completed on 3 September 2008.

The Plan will be offered under the Plan Rules (see Annexure A to this Plan booklet) which contains the terms and conditions, as well as some important definitions.

Shares issued under the Plan will rank equally in every respect with existing issued fully paid Shares and will be eligible to participate in all dividends paid after the Allotment Date.

The Company will pay up to 2.5% as a handling fee and stamping fee to brokers.

## **Why is Tissue Therapies issuing more Shares?**

The Plan is intended to provide existing shareholders with the opportunity to purchase further Shares in Tissue Therapies at \$0.08 per Share. The funds raised by this Plan will be used for general working capital to:

- commence planned clinical trials;
- continue planned product development related research and development; and
- continue to strengthen the Company's worldwide intellectual property position by expanding the VitroGro® patents.

The capital raised via an SPP is limited by the nature of the process (e.g. \$5,000 maximum). It is anticipated that further capital raising will be required to:

- complete all planned clinical trials; and
- fund commercial scale GMP manufacturing of new formulation VitroGro®, for sale via current and future commercial partners.

## **Am I an Eligible Shareholder?**

All Tissue Therapies shareholders as at the Record Date, having a registered address in

Australia, are eligible to participate in the Plan (**Eligible Shareholder**).

The Company is not making this Offer to shareholders in countries outside Australia.

## **Are Eligible Shareholders required to participate in the Plan?**

Participation in the Plan is optional for Eligible Shareholders. In the event that an Eligible Shareholder wants to participate in the Plan, it may purchase Shares in accordance with the Plan Rules up to the Maximum Application Amount.

Before deciding on whether to participate in the Plan, and in particular before completing any application for Shares, you should consider the Company's disclosures of operating and financial performance and, if necessary, consult your financial adviser.

The Directors reserve the right to participate in the Plan.

## **How much can I invest under the Plan?**

Eligible Shareholders may subscribe for Shares up to the Maximum Application Amount, being \$5,000. The Maximum Application Amount is calculated using the Issue Price so that the number of Shares subscribed for, multiplied by the Issue Price, must not exceed \$5,000.

Applications must be for at least the Minimum Application Amount of \$1,000 and in multiples of \$1,000 thereafter.

## **What is the Issue Price?**

The Issue Price is \$0.08 per Share.

This represents a discount of 20% to the average market price of the Shares for the 5 trading days prior to the Announcement Date.

The Issue Price will not change during the offer period.

## **What risks are associated with investing under the Plan?**

The market price for the Company's Shares may change between the Announcement Date and the Allotment Date, but the Issue Price will not

change during this period. If the market price of Shares falls below the Issue Price, you may be financially disadvantaged by purchasing Shares under the Plan.

An investment in Tissue Therapies is speculative.

Before making an investment decision, you should read the terms of the Offer set out in the accompanying offer letter and the terms of the Offer contained in the Plan Rules. As set out in the Offer Letter, the risks associated with an investment in Tissue Therapies include:

- further capital raising will be required to complete all planned clinical trials and to fund commercial scale GMP manufacturing of new formulation VitroGro®;
- the price of the New Shares and New Options may be influenced by factors beyond the control of Tissue Therapies;
- an inability to approvals for future clinical trials;
- failure to meet clinical trial objectives or adverse events occurring during clinical trials;
- an inability to successfully complete clinical trials and commercialise its intellectual property;
- inability to attract and retain strategic partners;
- timing and cost of regulatory approvals;
- inability to adequately protect intellectual property; and
- competition from companies which have potentially greater access to and volumes of resources.

### **When can I sell Shares purchased under the Plan?**

Shares issued under the Plan may be sold or transferred on ASX at any time after quotation.

The Company will apply for quotation on the on the Quotation Date of all Shares issued under the Plan on the Official List of ASX Limited following the processing of those Applications received from Eligible Shareholders by the Closing Date.

### **How do I apply for Shares under the Plan?**

Eligible Shareholders can subscribe for Shares under the Plan in one of two ways, depending upon whether payment is to be made by cheque or by BPay.

#### ***For payment by cheque:***

Eligible Shareholders must complete the personalised Application Form enclosed with this Plan booklet and return it with a cheque in payment of the Application Amount before 4.00pm (Brisbane time) on 25 August 2008 to:

The Share Registry – Tissue Therapies Limited  
Link Market Services Limited  
Locked Bay 3417  
BRISBANE QLD 4001

*or deliver it to*

The Share Registry - Tissue Therapies Limited  
Link Market Services Limited  
Level 12, 300 Queen Street  
BRISBANE QLD 4000

#### ***For payment by BPay:***

Eligible Shareholders who wish to pay by BPay, must follow the instructions on the Application Form before 4.00pm (Brisbane time) on 25 August 2008.

### **What is the Subscription Amount?**

The Subscription Amount is calculated as the number of Shares applied for, multiplied by the Issue Price.

*Example:*

1,000 Shares x \$0.08 = \$80

### **How many Shares will I receive?**

Eligible Shareholders will receive the number of Shares applied for up to the Maximum Application Amount, subject to the Company undertaking a Scaleback.

The Company may, in its absolute discretion, undertake a Scaleback, including for the purpose of complying with Listing Rule 7.2, Exception 15, so that not more than 30% of the number of ordinary shares already on issue are issued under the Plan. If the Company undertakes a Scaleback, the number of Shares applied for on each Application will be scaled back on a pro-rata basis.

**Will the Offer be available again?**

The SPP is intended to be a one-off offer to Eligible Shareholders, providing them with an opportunity to purchase additional Shares without transaction costs or brokerage. However, the Board retains the right to make similar offers under future Share Purchase Plans.

**Contact details**

If you have any further queries in relation to the Plan, please contact the Share Registry on 1300 554 474 (within Australia) or +61 2 82807475 (outside Australia).

**Applications and payment must be received before 4.00pm (Brisbane time) on 25 August 2008.**

# Annexure A

## Share Purchase Plan Rules

---

### 1 Definitions and interpretations

---

- 1.1 When used in these Rules, the words listed will, except to the extent that the context otherwise requires, have the following meanings:

<b>Term</b>	<b>Definition</b>
<b>Announcement Date</b>	means the date on which the Plan is announced to the market on ASX, being 21 July 2008.
<b>Allotment Date</b>	means the date on which the Shares to be issued under the Plan are allotted, being 29 August 2008.
<b>Allotment Notice</b>	means a notice sent to Shareholders confirming allotment of Shares issued under the Plan.
<b>Application</b>	means an application for Shares under this Plan.
<b>Application Amount</b>	means the amount of Shares to be purchased under an Application Form having regard to the Minimum Application Amount and Maximum Application Amount.
<b>Application Form</b>	means a personalised application form pursuant to which Eligible Shareholders may apply for Shares under the Plan.
<b>ASIC</b>	means the Australian Securities and Investments Commission.
<b>ASX</b>	means ASX Limited ACN 008 624 691.
<b>Board or Board of Directors</b>	means the board of directors of Tissue Therapies.
<b>Company or Tissue Therapies</b>	means Tissue Therapies Limited ACN 101 955 088.
<b>Constitution</b>	means the constitution of Tissue Therapies.
<b>Closing Date</b>	means the closing date for the Plan, being 25 August 2008.
<b>Despatch Date</b>	means the date on which Allotment Notices will be sent to shareholders, being 2 September 2008.
<b>Eligible Shareholder</b>	means a shareholder in Tissue Therapies as at the Record Date with a Registered Address in Australia.
<b>Issue Price</b>	means the price at which new Shares will be allotted in accordance with clause 4.4, being \$0.08, representing a discount of 20% to the average market price of the Shares for the 5 trading days prior to 21 July 2008.
<b>Minimum Application Amount</b>	means \$1,000 and multiples of \$1,000 thereafter (12,500 Shares).
<b>Maximum Application Amount</b>	means \$5,000 (62,500 Shares).
<b>Offer</b>	means the offer of Shares under the Plan on the terms set out in the Rules.
<b>Official List</b>	means the official list for quotation on ASX.
<b>Opening Date</b>	means the date on which the Plan opens, being 6 August 2008.
<b>Plan Rules or Rules</b>	means these rules.

<b>Term</b>	<b>Definition</b>
<b>Plan or SPP</b>	means the Tissue Therapies Share Purchase Plan.
<b>Quotation Date</b>	means the date on which Shares are expected to be traded on the Official List, being 3 September 2008.
<b>Record Date</b>	means the date for determining who will be an Eligible Shareholder, being 4 August 2008.
<b>Registered Address</b>	means the address of an Eligible Shareholder as shown in the Share Register.
<b>Scaleback</b>	means a pro-rata reduction in the number of Shares allotted to Eligible Shareholders who lodge an Application. Tissue Therapies has full discretion in deciding whether to Scaleback Applications.
<b>Share Register</b>	means the register of all shareholders maintained by the Share Registry.
<b>Share Registry</b>	means Link Market Services Limited of Level 12, 300 Queen Street, Brisbane, Queensland, 4000.
<b>Share</b>	means a fully paid ordinary share in Tissue Therapies.

- 1.2 Words importing the singular include the plural and vice versa, words importing any gender include other genders and 'person' includes a corporation.
- 1.3 Headings are for convenience only and do not affect the interpretation.
- 1.4 Any reference to time shall mean the time in Brisbane, Australia.
- 1.5 A reference to a Schedule means the schedule to this document.

## **2 Offer timetable**

---

- 2.1 This Offer is dated and taken to be made on the Announcement Date.
- 2.2 This Offer opens on the Opening Date.
- 2.3 Only Eligible Shareholders may participate in the Plan.
- 2.4 It is intended that this Offer will close on the Closing Date and that all Application Forms and payments of the Application Amounts must be received by the Share Registry before the Closing Date.
- 2.5 It is intended that Shares will be allotted on or about the Allotment Date.
- 2.6 Any Scaleback will be announced on the Allotment Date. Tissue Therapies expects Allotment Notices (and any refund cheques in payment of any Scaleback amount) will be despatched on or about the Despatch Date.
- 2.7 Tissue Therapies anticipates trading of Shares issued under the Plan on ASX will commence on the Quotation Date.
- 2.8 Tissue Therapies has the discretion to change, at any time, any of these dates, regardless of whether the Offer has opened or Applications have been received.

### **3 Participation in the Plan**

---

- 3.1 Participation in the Plan is subject to these Rules. The Offer made under this Plan is made only to Eligible Shareholders.
- 3.2 This Offer is non-renounceable.
- 3.3 The Board may refuse to accept or may suspend or withdraw any Application if that Application might:
- (a) prejudice the effective operation of the Plan; or
  - (b) give rise to breaches of applicable laws by Tissue Therapies or its officers or by the Participants or their associates,
- and may reject any Application if it has reason to believe that the Participant concerned may not be acting in good faith.
- 3.4 It is the responsibility of each Eligible Shareholder to obtain any necessary approvals to enable them to participate in the Plan.
- 3.5 The Directors who are Eligible Shareholders, may participate in the Plan.
- 3.6 The Directors are entitled (but not obliged) to refuse an Application where an Eligible Shareholder has, in the opinion of the Directors, split a shareholding, or acquired Shares as part of such a split, in order to attempt to increase the number of Shares that may be allotted under the Plan to that Eligible Shareholder or another person.

### **4 Application to participate**

---

- 4.1 An Eligible Shareholder may apply to Tissue Therapies to participate in the Plan by completing and signing an Application Form and returning it to the Share Registry with a cheque for payment of the Application Amount, before the Closing Date or by making a payment by BPay before the Closing Date following the instructions on the Application Form.
- 4.2 Applications must specify the Application Amount in Australian dollars, for the number of Shares applied for at the Issue Price (being not less than \$1,000 (and multiples of \$1,000 thereafter) and not more than \$5,000) and be accompanied by a cheque in payment of this amount unless payment is to be made by BPay.
- 4.3 Subject to rule 4.2, participation in the Plan may be full or partial.
- 4.4 Shares issued under the Plan will be issued at the Issue Price and allotted as fully paid.
- 4.5 Fractional shares will not be issued. The number of Shares issued pursuant to an Application may be subject to rounding in the discretion of the Directors or the Share Registry.

### **5 Operation of the Plan**

---

- 5.1 An Eligible Shareholder who elects to participate in the Plan shall be deemed to have:
- (a) confirmed, in relation to all Shares applied for by him or her under the Plan, that he or she does not make the Application for any other person in circumstances which might involve any breach of securities laws of any jurisdiction other than Australia; and
  - (b) agreed to be bound by the Company's Constitution in respect of all the Shares issued to them under the Plan.

## **6 Shares issued under the Plan**

---

- 6.1 Shares issued under the Plan will rank equally in all respects with existing Shares.
- 6.2 Shares issued to Eligible Shareholders under the Plan will be registered on the Share Register.
- 6.3 Tissue Therapies will promptly, following the issue and allotment of Shares under the Plan:
  - (a) apply to ASX for admission to the Official List; and
  - (b) send an Allotment Notice to his or her Registered Address.

## **7 Cost to participants**

---

- 7.1 Subject to rule 7.2, no brokerage, commission or other transaction costs will be payable by an Eligible Shareholder in respect of Shares issued under the Plan.
- 7.2 In the event of a change in legislation so that at the date of any issue or allotment of Shares, stamp duty or any other tax or duty is payable on Shares issued under the Plan, the amount of such stamp duty or other tax or duty shall be paid by the Eligible Shareholder to whom the Shares are issued and, in respect of each such Share, included in the calculation of the Issue Price.

## **8 Non-participation**

---

Participation in the Plan is voluntary. It shall be a matter for each Eligible Shareholder to determine whether or not they make an Application for Shares under the Plan.

## **9 Scaleback**

---

- 9.1 Tissue Therapies may, in its absolute discretion, undertake a Scaleback to the extent and in the manner it sees fit, including for the purpose of compliance with Listing Rule 7.2, Exception 15.
- 9.2 If Tissue Therapies undertakes a Scaleback, the difference between the value of the Shares allotted and the Application Amount paid to the Company by the Applicant will be refunded by cheque and mailed to the Applicant on the Despatch Date.

## **10 Applications and notices**

---

- 10.1 Applications and notices for the purposes of the Plan shall be in writing in such form and lodged at such place as Tissue Therapies and the Share Registry may from time to time require.
- 10.2 Applications and notices (other than notices of death, bankruptcy or liquidation) in respect of Shares registered in joint names shall be completed by all registered holders of those Shares who wish to subscribe for Shares.
- 10.3 Applications and notices will take effect on and from the date on which they are received by the Share Registry provided that an Application to participate in the Plan is not effective until it has been accepted by the Board and the Application Amount is received.
- 10.4 The Company has an absolute discretion to:
  - (a) accept and treat as valid an Application Form which does not satisfy the provisions of clause 10.1; and

- (b) reject and treat as invalid an Application Form where the Board of Directors has determined acceptance of the Application Form would or might prejudice the effective operation of the Plan or would or might otherwise be contrary to the laws of any country.
- 10.5 The Company will be under no obligation to correct or amend defective Application Forms on behalf of Eligible Shareholders.

## **11 Board's powers in relation to the administration, variation, suspension or termination of the Plan**

---

- 11.1 The Plan will be administered by the Board of Directors which has the power to:
- (a) determine appropriate procedures for administration and implementation of the Plan, consistent with the Plan Rules and to settle any difficulty which may arise generally or in a particular case, in regard to the Plan as the Board of Directors thinks fit and its determination will bind all shareholders and other persons to whom the determination relates;
  - (b) resolve conclusively all questions of fact or interpretation in connection with the Plan; and
  - (c) delegate to any one or more persons for such period and on such conditions as it may determine, the exercise of its powers or discretions arising under the Plan, but not including any powers under clause 11.4.
- 11.2 The Company and its officers and employees will not be held responsible or liable for any error or omission which occurs in the administration of the Plan.
- 11.3 The Board may vary administrative procedures to be followed in respect of the implementation of the Plan. The procedures may be varied at any time by the Board having regard to ASX or ASIC requirements.
- 11.4 The Board may:
- (a) at any time modify, vary or amend the Plan;
  - (b) suspend the operation of the Plan from time to time for any period; or
  - (c) terminate the Plan at any time without any need for giving advance notice to shareholders.

## **12 Taxation**

---

Tissue Therapies makes no representations or warranties in respect of, and accepts no responsibility for, the liability of Eligible Shareholders to pay income tax in respect of any allotment or issue of Shares, payment or other transaction pursuant to this Plan.