



TISSUE THERAPIES

ASX RELEASE

28 January 2009

Dear Shareholder

2009 Non-renounceable Rights Issue

This letter is to notify you that on 28 January 2009, Tissue Therapies Limited (**Tissue Therapies**) lodged a Prospectus with ASIC and ASX Limited (**ASX**), for a pro-rata non-renounceable rights issue of ordinary shares in Tissue Therapies. This issue will raise approximately \$3.4 million.

ABN AMRO Morgans Corporate Limited is the Lead Manager to the Offer.

Shareholders are being offered one new ordinary share in Tissue Therapies for every two existing shares held at an issue price of \$0.12 per share.

The Prospectus will be despatched to shareholders on 13 February 2009. A copy of the Prospectus is available for review on ASX's website, www.asx.com.au, as well as on Tissue Therapies' website www.tissuetherapies.com.

The Prospectus is important and will require your immediate attention.

Use of proceeds

The purpose of the Offer is to raise funds primarily to:

- complete current human clinical trials of VitroGro®;
- assist in the funding of commercial scale GMP manufacturing of new formulation VitroGro®, for sale via current and future commercial partners;
- continue to fund VitroGro® and related R&D activities;
- continue to strengthen the Company's worldwide intellectual property position by progressing the examination process for the expanded VitroGro® family of patents, including in the territories of the United States, European Union, Canada and Asia.

The offer is subject to a minimum subscription level of \$0.3 million as described in the Prospectus.

Important dates:

	Date
Announcement of Issue	28 January 2009
Ex Date	4 February 2009
Record Date to determine Entitlement to New Shares	10 February 2009
Prospectus and Entitlement and Acceptance Form despatched to Shareholders (on or before)	13 February 2009
Last date for receipt of Entitlement and Acceptance Form and payment - Closing Date	5pm AEST, 27 February 2009
Securities quoted on a deferred settlement basis	2 March 2009
Expected date for despatch of New Shares holding statements	5 March 2009
Expected date for commencement of normal trading and quotation of New Shares on ASX	6 March 2009

This offer closes at 5pm (AEST) on 27 February 2009.

Non-renounceable pro rata issue

The new shares issued under the Prospectus will rank equally with the ordinary shares currently on issue.

Eligible shareholders may take up their entitlement in full or in part. Your entitlement will be determined as at 7pm (AEST) on 10 February 2009. Applications can be made only in accordance with personalised entitlement and acceptance form which shareholders will receive with the Prospectus. Shareholders may also apply for 'Top Up Shares' as described in the Prospectus, however the Company cannot guarantee that all or any of the Top Up Shares will be available.

Fractional entitlements to shares are rounded up to the nearest whole number of shares. Your entitlement is shown in the personalised entitlement and acceptance form accompanying the Prospectus.

The rights issue is non-renounceable. Rights may not be traded.

Risks

An investment in Tissue Therapies is speculative. Risk factors associated with an investment in Tissue Therapies include:

- the price of the New Shares may be influenced by factors beyond the control of Tissue Therapies, such as the share market and general economic conditions both in Australia and internationally;
- an inability to successfully complete clinical trials and commercialise its intellectual property;
- the need for further funding to enable Tissue Therapies to fund research and development, continue existing as well as commence additional clinical trials, manufacture and commercialisation activities;
- 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.

Further discussion of the risks associated with an investment in Tissue Therapies is included in the Prospectus.

Overseas holders

The offer of shares under the Prospectus is limited to eligible shareholders with registered addresses in Australia or New Zealand. With the exception of New Zealand shareholders, overseas shareholders will not be offered new shares.

To date Shareholders have shown great loyalty to Tissue Therapies and I believe you will see the merit in this accelerated development and commercialisation program and in supporting this major fundraising initiative.

Your Board of Directors commends this offer of new shares for your consideration.

Yours sincerely



Steven Mercer
Managing Director

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