



**ASX RELEASE
4 February 2015**

Tissue Therapies announces placement and fully-underwritten 1-for-15 entitlement offer to raise approximately A\$7.7 million

Capital raising overview

- Placement to raise approximately A\$4.0 million.
- Fully underwritten 1-for-15 non-renounceable entitlement offer to raise approximately A\$3.7 million.
- Offer price of \$0.21 per new share, a 36.5% discount to the weighted average closing price for the ten trading days to 30 January 2015.
- Morgans Corporate Limited and Baillieu Holst Ltd are the Joint Lead Managers and Underwriters to the capital raising.

Tissue Therapies Limited (ASX Code: TIS) has successfully completed a placement at \$0.21 per share to institutional and sophisticated investors raising approximately A\$4.0 million and is now undertaking a fully underwritten 1-for-15 non-renounceable entitlement offer to raise approximately A\$3.7 million at the same price.

In regards to the equity raising, Chief Executive Officer Steven Mercer said, "The regulatory approval process for the granting of CE Mark in the EU has exceeded the internal timelines and expectations. As part of a strategy update, it has become apparent that the appropriate risk mitigation strategy is to uncouple FDA approvals and sales for a diabetic ulcer trial in the rest of the world from the EU CE Mark process. The capital raising will support this objective."

Dr Mercer also advised that: "The entitlement offer will provide eligible existing share holders with the opportunity to participate in the capital raising at the same price as the sophisticated and institutional investors who participated in the placement. There will also be a top-up facility to allow existing share holders to subscribe for shares in addition to their entitlement, details of which will be included in the Offer Information Booklet to be circulated to shareholders in the coming days."

Placement overview

Tissue Therapies Limited (**Tissue Therapies**) has successfully completed a placement to institutional and sophisticated investors to raise approximately \$4.0 million (**Placement**). The offer price for the Placement was \$0.21 per new share, a 36.5% discount to the weighted average closing price for the ten trading days to 30 January 2015.

Entitlement Offer overview

Tissue Therapies now intends to conduct a further equity raising via a 1 for 15 fully-underwritten non-renounceable entitlement offer of fully paid ordinary shares in Tissue Therapies (**New Shares**) to raise approximately A\$3.7 million (**Entitlement Offer**).

The offer price for the Entitlement Offer will be the same as the offer price under the Placement (**Offer Price**). Under the Entitlement Offer, eligible shareholders will be able to subscribe for 1 new ordinary share in Tissue Therapies for every 15 existing shares held at 7.00pm (AEDT) on Tuesday, 10 February 2015 (**Record Date**) at the Offer Price (**Entitlements**).

The Entitlement Offer is fully underwritten by Morgans Corporate Limited and Baillieu Holst Ltd (**Underwriters**).

As well as providing the Company with working capital to meet the operational costs of the company, Tissue Therapies intends to utilize the proceeds as follows;

- completion of the final EMA review, to seek approval for the granting of CE Mark and targeting country sales launches in the EU and internationally; and
- commencing preparatory work for an FDA diabetic ulcer human trial to commence during the second half of 2015, to provide the basis for approval for sale of VitroGro[®] ECM for the treatment of diabetic ulcers in the USA and to optimize future global sales.

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 17.5 million new ordinary shares in Tissue Therapies 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 Therapies 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 Therapies will despatch a letter in relation to the Entitlement Offer to each holder of options to subscribe for Tissue Therapies 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.

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Key dates¹

Activity	Date
Announcement of the Entitlement Offer	4 February 2015
Mailing of the Entitlement Offer details	5 February 2015
Ex date	6 February 2015
Record Date for Entitlement Offer (7.00pm (AEDT))	10 February 2015
Information Booklet and Entitlement & Acceptance Form despatched	11 February 2015
Entitlement Offer opens	11 February 2015
Closing date for acceptances under Entitlement Offer (5.00pm (AEDT))	27 February 2015
New Shares quoted on deferred settlement basis	2 March 2015
Company notifies ASX of under subscriptions	4 March 2015
Allotment of New Shares under the Entitlement Offer	6 March 2015
Despatch of holding statements for New Shares issued under the Entitlement Offer	10 March 2015
Normal ASX trading for New Shares issued under the Entitlement Offer commences	10 March 2015

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 1800 063 366 (within Australia) or +61 1800 063 366 (outside Australia) between 8.30am and 5.00pm (AEDT) Monday to Friday during the offer period.

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

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 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. This document may not be distributed or released in the United States.

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.

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