

9 March 2016

Quarterly Operations Update

Brisbane, 9th March 2015. Tissue Therapies Limited, trading as Factor Therapeutics (the “Company”) wishes to provide a quarterly progress update on several operational matters, following its March board meeting yesterday.

Preparedness for US Clinical Studies

Consistent with prior articulation of plans to initiate a US Phase II study, the Company has been engaged in the process of engaging experienced regulatory advisory and service provision (both in relation to clinical activities and manufacturing/CMC) as part of this preparedness.

Mr. Nigel Johnson, CEO:

We have formally engaged top-tier US regulatory advisors that are helping us to not only prepare for the Phase II study, but also plot out the pathway for Phase III based on feedback we have received from the FDA (previously disclosed). Part of this very focused period has been to ensure that the company has a complete and actionable gap/risk analysis as it transitions our historical EMA-centric activities to the US.

The Company is also in the final stages of reviewing several detailed Contract Research Organisation (CRO) proposals from firms with a strong track-record in dermatology/wound care. At the same time several proposals have been obtained from Contract Manufacturing Organisations (CMO) in order to augment the company’s existing supply chain as we prepare to run clinical activities in the US.

Final vendor selections are being considered on a competitive basis and will be finalised in the next few weeks.

Establishment of US Subsidiary

Consistent with prior shareholder disclosure, the Company has established a wholly-owned subsidiary company : Factor Therapeutics USA, LLC.

The purpose the subsidiary is to:

- establish a contracting platform in the US;
- more straightforwardly manage human capital in relation to US-based clinical activities planned for later this year.

The subsidiary company is structured as a Delaware limited liability company (LLC) and features the same governance structure as the Australian parent company.

Dr. Christian Behrenbruch, Executive Director:

We have previously articulated our intention to become more US-centric in our development activities and this subsidiary formation is part of executing the administrative changes necessary to enable this. The formation of a US company is also relevant to being flexible with our near-term executive search goals.

Human Resources

The Company has commenced the search for several seasoned regulatory and quality assurance hires, both in Australia and the US, in order to support planning clinical activities in Q2 of this year.

In parallel, the Company wishes to announce the departure of Dr. Hedio Meka, Director - Regulatory and Intellectual Property. Dr. Meka has been a valued long-term member of the Factor Therapeutics Team.

Dr. Cherrell Hirst, Chair:

Hedio has been with the company since 2011 and was a core member of the team throughout the Company's EMA submission for VitroGro®. We are appreciative of the contribution she has made to the Company over the past five years. We wish Hedio every success for the future as she continues her career in intellectual property law.

Intellectual Property

The company continues to make solid progress with the management and expansion of its intellectual property portfolio. The company recently received a notice of allowance from the European Patent office in relation to new vitronectin-growth factor constructs that underpin the Company's pipeline expansion into ocular wound care therapeutics.

Mr. Nigel Johnson, CEO:

We continue to expand our IP portfolio, including implementing strategies to evergreen our lead program, VF-001. This IP allowance from EPO extends important claims for the Company's platform technology out to 2031 in commercially important jurisdictions. It also gives us the confidence to properly engage in collaborative discussions around some of the newer applications of the Company's technology.

- ENDS -

FACTOR

THERAPEUTICS

For more information

<p>Dr Christian P Behrenbruch, Ph.D Executive Director Tissue Therapies Limited trading as Factor Therapeutics Tel: +61 7 3334 3900 E-mail: c.behrenbruch@factor-therapeutics.com</p> <p>Dr Cherrell Hirst, Chairman Tissue Therapies Limited trading as Factor Therapeutics E-mail: Cherrell@hirst.com</p>	<p>Nigel Johnson, CEO Tissue Therapies Limited trading as Factor Therapeutics Tel: +61 7 3334 3900 E-mail: n.johnson@factor-therapeutics.com</p>
--	---

About Factor Therapeutics

Factor Therapeutics (trading name of 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.

Factor Therapeutics is commercialising VF-001 (previously known as 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 business owns various patent families related to wound healing and other therapeutic uses. The Company's shares are traded on the Australian, Berlin and Frankfurt stock exchanges. For more information, please visit www.factor-therapeutics.com