

**Corporate Headquarters**

Tissue Therapies Limited, ABN 45 101 955 088  
GPO Box 1596, Brisbane QLD 4001, Australia  
Level 19, 179 Turbot Street, Brisbane, QLD 4000  
Australia.

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**European Operations**

Tissue Therapies Europe Limited  
Unit F34, Daresbury Innovation Centre,  
Keckwick Lane, Daresbury, Cheshire, WA4 4FS,  
United Kingdom.

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**TISSUE THERAPIES**

# Tissue Therapies Limited Meeting Documentation 2013 Annual General Meeting

To be held at the offices of McCullough Robertson, Level 11 Central Plaza Two, 66 Eagle Street, Brisbane, Queensland 4000 on Friday, 25 October 2013 at 10.30 a.m. (Brisbane time).

## Chairman's Letter

Tissue Therapies Limited, ABN 45 101 955 088  
Level 19, 179 Turbot Street, Brisbane, QLD 4000 Australia.



Dear Shareholder

I am pleased to invite you to the Annual General Meeting of Tissue Therapies Limited, which will be held at the offices of McCullough Robertson, Level 11 Central Plaza Two, 66 Eagle Street, Brisbane, Queensland 4000 on Friday, 25 October 2013 at 10.30 a.m (Brisbane time).

At the Annual General Meeting, in addition to the usual items of business, the Board is seeking shareholder approvals for a number of separate issues of securities, as set out in the Notice of Meeting and Explanatory Memorandum. Your Board unanimously recommends Shareholders vote in favour of these resolutions (with Dr Mercer abstaining from resolution 4), which the Board believes are in the best interests of the Company and will support its ongoing operations and commercialisation strategy.

At the meeting, our CEO and Managing Director Dr Steven Mercer and I will also take the opportunity to update shareholders on the Company's progress and outlook.

If you are unable to attend the meeting, I would encourage you to participate by completing and returning the enclosed proxy form.

I look forward to seeing you at the AGM.

Yours sincerely



Roger Clarke  
Chairman

# Notice of Annual General Meeting

Tissue Therapies Limited, ABN 45 101 955 088  
Level 19, 179 Turbot Street, Brisbane, QLD 4000 Australia.



Notice is given that the Annual General Meeting of Tissue Therapies Limited (**Company**) will be held at the offices of McCullough Robertson, Level 11 Central Plaza Two, 66 Eagle Street, Brisbane, Queensland 4000 on Friday, 25 October 2013 at 10.30 a.m (Brisbane time).

## Ordinary Business

### Financial Statements and Reports

To receive and consider the Company's financial statements and the reports of the directors and the auditor for the financial year ended 30 June 2013.

### Resolutions

#### 1. Directors' Remuneration Report

To consider and, if thought fit, to pass the following resolution in accordance with section 250R(2) of the Corporations Act:

*'That the Remuneration Report be adopted.'*

NB: This resolution shall be determined under section 250R(2) of the Corporations Act. Votes must not be cast on this resolution by Key Management Personnel and closely related parties in contravention of section 250R or 250BD of the Corporations Act. Restrictions also apply to votes cast as proxy unless exceptions apply.

The Directors abstain, in the interests of corporate governance, from making a recommendation in relation to this resolution.

#### 2. Re-election of Roger Clarke

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

*'That Roger Clarke, who retires in accordance with Rule 16.1 of the Company's Constitution, and being eligible, and having offered himself for re-election, be re-elected as a Director of the Company.'*

NB: Information about Mr Roger Clarke appears in the Explanatory Memorandum accompanying this Notice of Meeting.

The Directors (with Mr Roger Clarke abstaining) recommend that you vote in favour of this resolution.

#### 3. Re-election of Iain Ross

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

*'That Iain Ross, who retires in accordance with Rule 16.1 of the Company's Constitution, and being eligible, and having offered himself for re-election, be re-elected as a Director of the Company.'*

NB: Information about Mr Iain Ross appears in the Explanatory Memorandum accompanying this Notice of Meeting.

The Directors (with Mr Iain Ross abstaining) recommend that you vote in favour of this resolution.

# Notice of Annual General Meeting

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## Special Business

### 4. Issue of options to Director

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

*'That, pursuant to section 208(1)(a) of the Corporations Act and Listing Rule 10.14, and in accordance with the Company's Existing Equity Option Plan, the members of the Company approve the granting of 500,000 options to Dr Steven Mercer, Executive Director and Chief Executive Officer, in the manner outlined in the Explanatory Memorandum.'*

The Directors (with Dr Steven Mercer abstaining) recommend that you vote in favour of this resolution.

Note: if approval is obtained under Listing Rule 10.14, approval is not required under Listing Rule 7.1 or Listing Rule 10.11, as set out in the Explanatory Memorandum.

### 5. Ratification and Approval of Previous Allotment and Issue of Shares under a Placement

To consider and, if thought fit, to pass the following ordinary resolution:

*'That for the purposes of Listing Rule 7.4 and for all other purposes, approval be given for the previous issue of 41,512,297 shares, issued under a placement to sophisticated and institutional investors which was completed on 1<sup>st</sup> March 2013, as detailed in the Explanatory Memorandum accompanying this Notice of Meeting.'*

The Directors recommend that you vote in favour of this resolution.

### 6. Ratification and Approval of Previous Allotment and Issue of Shares for Consultancy Services

To consider and, if thought fit, to pass the following ordinary resolution:

*'That for the purposes of Listing Rule 7.4 and for all other purposes, approval be given for the previous issue of 307,604 ordinary shares to Mr Geoff Morris, in part payment of consultancy services provided to Tissue Therapies pursuant to a Consultancy Agreement, the terms of which are summarised in the Explanatory Memorandum accompanying this Notice of Meeting.'*

The Directors recommend that you vote in favour of this resolution.

### 7. Ratification and Approval of Previous Allotment and Issue of Shares for Consultancy Services

To consider and, if thought fit, to pass the following ordinary resolution:

*'That for the purposes of Listing Rule 7.4 and for all other purposes, approval be given for the previous issue of 48,511 ordinary shares to Mr Ron Shannon, in part payment of consultancy services provided to Tissue Therapies pursuant to a Consultancy Agreement, the terms of which are summarised in the Explanatory Memorandum accompanying this Notice of Meeting.'*

The Directors recommend that you vote in favour of this resolution.

## Notice of Annual General Meeting

Tissue Therapies Limited, ABN 45 101 955 088  
Level 19, 179 Turbot Street, Brisbane, QLD 4000 Australia.



### 8. Approval of additional capacity to issue shares under Listing Rule 7.1A

To consider and, if in favour, to pass the following as a special resolution:

*'For the purposes of ASX Listing Rule 7.1A and for all other purposes, shareholders approve the Company having the additional capacity to issue equity securities under Listing Rule 7.1A, on the terms and conditions set out in the Explanatory Memorandum.'*

The Directors recommend that you vote in favour of this resolution.

Dated 17 September 2013

By order of the Board

Drummond McKenzie  
Company secretary

# Explanatory Memorandum

Tissue Therapies Limited, ABN 45 101 955 088  
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## Corporations Act

Resolution 1 - The Company will disregard votes cast by a member of the Key Management Personnel details of whose remuneration are included in the Remuneration Report, or a closely related party of such a member, in contravention of section 250R or 250BD of the Corporations Act. Restrictions also apply to votes cast as proxy unless exceptions apply.

Resolution 4 – The Company will disregard votes cast by Key Management Personnel or their closely related parties in contravention of section 250BD of the Corporations Act. Restrictions also apply to votes cast as proxy unless exceptions apply. The Company will also disregard votes cast by a related party of the Company to whom the resolution would permit a financial benefit to be given or an associate of such a related party in contravention of section 224 of the Corporations Act.

## Listing Rules

In accordance with the Listing Rule 14.11, the Company will disregard votes cast:

Resolution 4 – Issue of options to Director	Each Director and each of their associates (except a Director who is ineligible to participate in the Existing Equity Option Plan).
Resolution 5 – Ratification and Approval of Previous Allotment and Issue of Shares under a Placement	By any person and associates of any person who participated in the placement the subject of resolution 5.
Resolution 6 – Ratification and Approval of Previous Allotment and Issue of Shares for Consultancy Services	Mr Geoff Morris and his associates.
Resolution 7 – Ratification and Approval of Previous Allotment and Issue of Shares for Consultancy Services	Mr Ron Shannon and his associates.
Resolution 8 – Approval of additional capacity to issue shares under Listing Rule 7.1A	A person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed, or an associate of such person. NB. In accordance with Listing Rule 14.11.1 and the relevant Note under that rule concerning Rule 7.1A, as at the date of this Notice of Meeting it is not known who may participate in the proposed issue (if any). On that basis, no security holders are currently excluded.

However, Tissue Therapies need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

## Notes

## Explanatory Memorandum

Tissue Therapies Limited, ABN 45 101 955 088  
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- (a) Subject to the Corporations Act, including sections 250R and 250BD: A member who is entitled to attend and cast a vote at the meeting is entitled to appoint a proxy.
- (b) The proxy need not be a member of the Company. A member who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise.
- (c) If you wish to appoint a proxy and are entitled to do so, then complete and return the enclosed proxy form.
- (d) A corporation may elect to appoint a representative, rather than appoint a proxy, in accordance with the Corporations Act in which case the Company will require written proof of the representative's appointment which must be lodged with or presented to the Company before the meeting.
- (e) The Company has determined in accordance with Regulation 7.11.37 Corporations Regulations that for the purpose of voting at the meeting or adjourned meeting, shares will be taken to be held by those persons recorded in the Company's register of members as at 7:00pm (Brisbane time) on Wednesday, 23 October 2013.
- (f) If you have any queries on how to cast your votes then call (07) 3334 3900 during business hours.

### Voting Entitlement And Admission To Meeting

For the purpose of determining entitlement to attend and voting rights at the Annual General Meeting, Shares shall be taken to be held by persons who are registered as Shareholders as at 7:00pm (Brisbane Time) on Wednesday, 23 October 2013. Transactions registered after that time will be disregarded in determining entitlements to attend and vote.

### Voting by Proxy

- Subject to the Corporations Act, including sections 250R and 250BD, if you are a Shareholder entitled to attend and vote, you may appoint an individual or a body corporate as a proxy by completing and returning the attached proxy form.
- If a body corporate is appointed as a proxy, that body corporate must ensure that it appoints a corporate representative in accordance with section 250D of the Corporations Act to exercise its powers as proxy at the Annual General Meeting.
- A proxy need not be a Shareholder of the Company. A Shareholder may appoint up to two proxies and specify the proportion or number of votes each proxy may exercise. If the Shareholder does not specify the proportion or number of votes to be exercised, each proxy may exercise half of the Shareholder's votes.
- To be effective, the proxy must be received at the share registry of the Company no later than 10.30am (Brisbane time) on Wednesday, 23 October 2013 (48 hours before the commencement of the meeting). Proxies must be received before that time by one of the following methods:

**By post:** Link Market Services Limited  
Locked Bag A14  
SYDNEY SOUTH NSW 1235

**By facsimile:** In Australia (02) 9287 0309  
From outside Australia +61 2 9287 0309

# Explanatory Memorandum

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Level 19, 179 Turbot Street, Brisbane, QLD 4000 Australia.



Online: at [www.investorcentre.linkmarketservices.com.au](http://www.investorcentre.linkmarketservices.com.au)  
Login to the Link website using the details as shown on the proxy form. Select 'Voting' and follow the prompts to lodge your vote. To use the online voting facility, Securityholders will need their "Holder Identifier" (Securityholder Reference Number **(SRN)** or Holder Identification Number **(HIN)** as shown on the front of the proxy form).

By delivery: Link Market Services Limited  
1A Homebush Drive  
RHODES NSW 2138

To be valid, a proxy must be received by the Company in the manner stipulated above. The Company reserves the right to declare invalid any proxy not received in this manner.

## Voting By Attorney

A proxy form and the original power of attorney (if any) under which the proxy form is signed (or a certified copy of that power of attorney or other authority) must be received by the Company no later than 10.30am (Brisbane time) on Wednesday, 23 October 2013.

## Corporate Representatives

A body corporate which is a Shareholder, or which has been appointed as a proxy, is entitled to appoint any person to act as its representative at the Annual General Meeting. The appointment of the representative must comply with the requirements under section 250D of the Corporations Act. The representative should bring to the Annual General Meeting a properly executed letter or other document confirming its authority to act as the company's representative.



# Explanatory Memorandum

Tissue Therapies Limited, ABN 45 101 955 088  
Level 19, 179 Turbot Street, Brisbane, QLD 4000 Australia.



## Ordinary Business

### Financial Statements and Reports

The Corporations Act requires that the report of the Directors, the Auditor's report and the financial report be laid before the Annual General Meeting. In addition, the Company's Constitution provides for such reports to be received and considered at the meeting. Neither the Corporations Act nor the Company's Constitution requires a vote of Shareholders at the Annual General Meeting on such reports or statements. However, Shareholders will be given a reasonable opportunity to raise questions with respect to these reports and statements at the meeting.

In addition to asking questions at the meeting, Shareholders may address written questions to the Chairman about the management of the Company, or to the Company's Auditor which are relevant to:

- the content of the Auditor's Report to be considered at the meeting; or
- the conduct of the audit of the annual financial statements to be considered at the meeting.

Any written questions must be submitted to the Company Secretary before 5:00pm on 18 October 2013 by email to [info@tissuetherapies.com](mailto:info@tissuetherapies.com), fax to (07) 3334 3999 or by mail to GPO Box 1596, Brisbane, Queensland 4001.

## Resolutions

### 1. Remuneration Report

The Corporations Act requires that the Remuneration Report be put to Shareholders for adoption by way of a non-binding vote. Under the current legislation, this vote is advisory and does not bind the Directors or the Company in relation to the remuneration policy.

The Remuneration Report is contained in the Annual Report.

Following consideration of the Remuneration Report, the Chairman will give Shareholders a reasonable opportunity to ask questions about or to make comments upon, the Remuneration Report.

#### Directors' recommendation

As the resolution relates to matters including the remuneration of the Directors, the Board, as a matter of corporate governance and in accordance with the spirit of section 250R(4) of the Corporations Act, make no recommendation regarding this resolution.

### 2. Re-election of Roger Clarke

Rule 16.1 of the Company's Constitution provides for the retirement of one third of the Directors from office at each Annual General Meeting and is consistent with the requirements of Listing Rule 14.4.

In accordance with the Constitution, Roger Clarke retires as Director and offers himself for re-election as a Director at this Annual General Meeting.

Set out below is a brief bio for Roger Clarke.

#### Roger Clarke

Roger Clarke is a non-executive Director of the Company. Roger holds a Bachelor of Commerce and is a Chartered Accountant.

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Roger has over 30 years commercial experience, principally in the investment banking industry, with responsibilities in fund management, banking and corporate finance, and involvement in a significant number of initial public offers, capital raisings and corporate transactions.

Roger is Chairman of the Board of Advice of RBS Morgans Limited, Chairman of Coalbank Limited (formerly Lodestone Energy Limited), and Director of NextDC Limited and Maverick Drilling and Exploration Limited.

### Directors' recommendation

The Directors (with Mr Roger Clarke abstaining) recommend you vote in favour of this resolution.

### 3. Re-election of Iain Ross

Rule 16.1 of the Company's Constitution provides for the retirement of one third of the Directors from office at each Annual General Meeting and is consistent with the requirements of Listing Rule 14.4.

In accordance with the constitution, Iain Ross retires as Director and offers himself for re-election as a Director at this Annual General Meeting.

Set out below is a brief bio for Iain Ross.

### Iain Ross

Iain Ross is a non-executive Director of the Company. Iain holds a Bachelor of Science (Hons) Biochemistry and is a Chartered Director. Iain is Chairman of Ark Therapeutics Plc (LSE), Biomer Technology Limited, Pharminox Limited and Coms Plc (LSE: AIM), Director of Benitec BioPharma Limited, and Yellow Cross Limited, and is Vice Chairman and Trustee of Royal Holloway, London University.

### Directors' recommendation

The Directors (with Mr Iain Ross abstaining) recommend that you vote in favour of this resolution.

## Special Business

### 4. Issue of options to Director

Subject to the approval of Resolution 4, the Company proposes to issue options to Dr Steven Mercer under the Existing Equity Option Plan.

Once approval is obtained pursuant to Listing Rule 10.14, Tissue Therapies is entitled to rely on Listing Rule 10.12, Exception 4 as an exception to any requirement that may otherwise apply requiring shareholder approval under Listing Rule 10.11. Similarly, approval will not be required under Listing Rule 7.1.

Approval is sought for the grant of the following options as detailed below:

***Issue of 500,000 options to Dr Steven Mercer, Executive Director and Chief Executive Officer, on the following terms and conditions:***

## Explanatory Memorandum

Tissue Therapies Limited, ABN 45 101 955 088  
Level 19, 179 Turbot Street, Brisbane, QLD 4000 Australia.



1. the exercise price of the options to be offered will be calculated at a 15% premium to the 10 trading day volume-weighted average price of Tissue Therapies ordinary shares immediately prior to the achievement of the applicable KPI;
2. options issued will only vest upon the achievement of the following KPIs:
  - a) 175,000 options - on approval being obtained from the US Food and Drug Administration (FDA) for the Company to commence its venous leg ulcer trial; and
  - b) 325,000 options - on CE Mark<sup>1</sup> approval being granted for VitroGro<sup>®</sup> ECM, to allow the start of sales throughout the European Union;
3. the term of these options will expire in 3 years from the date that they vest;
4. in the event that Dr Mercer is no longer employed by Tissue Therapies, the options will lapse if they have vested and are not exercised within 30 days from the date of termination of employment;
5. the options will not be transferable;
6. the options cannot be exercised unless the exercise price is less than the share price on the exercise date; and
7. Shares issued on exercise of the options must not be disposed of without written Board approval.

It is intended that the options will be issued within 5 days after the Annual General Meeting, but in any event will be issued no later than 12 months after the meeting.

Directors potentially eligible to participate in the Existing Equity Option Plan include Messrs Roger Clarke, Steven Mercer, Mel Bridges, Iain Ross and Dr Cherrell Hirst.

No Director has acquired securities under the Existing Employee Option Plan since it was approved by Shareholders in 2012.

There are no loan arrangements with Steven Mercer in relation to the acquisition of the options.

The other general terms for each of the options to be issued under resolution 4 are:

- (a) if there is a reorganisation (including consolidation, sub-division, reduction or return) of the share capital of the Company, the rights of each holder of options issued will be changed to the extent necessary to comply with the Listing Rules applying to a re-organisation of capital at the time of the re-organisation;
- (b) all shares issued pursuant to the exercise of options will, subject to the Constitution of the Company, rank in all respects (other than in respect of dividends, rights issues or bonus issues declared prior to allotment) *pari passu* with the existing Shares at the date of issue and allotment;
- (c) the options do not entitle Dr Mercer to participate in any new issues by the Company without exercising the options; and
- (d) the options will not be quoted on ASX. Tissue Therapies intends to apply to ASX for quotation of any Shares acquired on exercise of the options.

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<sup>1</sup> A mandatory conformity marking for certain products sold within the European Economic Area.

# Explanatory Memorandum

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Level 19, 179 Turbot Street, Brisbane, QLD 4000 Australia.



## General Information

Consistent with the accounting standards, the Company discloses the following information concerning the value of the options to be issued. A fair value for the options to be issued has been calculated using the Black Scholes methodology and based on a number of assumptions, set out below, with an adjustment to the expected life of the options to take account of limitations on transferability. This methodology is commonly used for valuing options and is one of the permitted methodologies under ASIC Regulatory Guide 76. The Board believes this valuation model to be appropriate to the circumstances and has not used any other valuation or other models in proposing the terms of the options.

The Board draws shareholders' attention to the fact the stated valuation does not constitute and should not be taken as audited financial information. The reportable value of the employee benefit expense in subsequent financial periods may vary due to a range of timing and other factors. In particular, the figures were calculated effective as at 12 September 2013.

Underlying price	\$0.31
Volatility	92%
Dividend Yield (estimate)	0
Expiry Date- 175,000 options (estimate)	16 October 2016
Expiry Date- 325,000 options (estimate)	17 April 2017
Exercise (strike) price (estimate)	\$0.37
Risk free rate	3.4%
Option value- 175,000 options	<b>\$0.18</b>
Option value- 325,000 options	<b>\$0.19</b>
Number of options issued	500,000
Employee benefit expense	<b>\$93,250</b>

## Remuneration

The following table sets out fees received by Steven Mercer for the year ended 30 June 2013:

Base annual salary (inclusive of superannuation where applicable)	\$299,750
Equity based compensation (12 months to 30 June 2013)	Nil

## Financial Benefit – Details and reasons

Approval has been sought for the giving of a financial benefit to Dr Mercer, as a related party, under section 208 of the Corporations Act. Section 229(3)(e) of the Corporations Act provides that the 'issuing of securities or granting of an option to a related party' (which includes a director of an entity) is an example of the giving of a financial benefit.

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Under Resolution 4, as noted above, the options will be issued to Dr Mercer. The amount, terms and value (subject to the stated assumptions) of those options are set out above.

The reasons for giving this financial benefit are:

- (a) the Company wishes to maximise the use of its cash resources towards other strategic initiatives and equity based incentives such as the options are used to supplement cash based remuneration;
- (b) the total quantum of the options to be issued to Dr Mercer under this resolution is moderate in number and the issue of options will act as an incentive for future growth of the business;
- (c) equity based incentives, such as options, assist in the alignment of Shareholders and directors' interests;
- (d) the remuneration package is designed to attract and retain Dr Mercer, as a suitably qualified and experienced director; and
- (e) the Company believes the associated expense is limited and the nature of the options package proposed is commensurate with market practice.

On this basis the Company believes the giving of the financial benefit, as constituted by the issue of the options to Dr Mercer under resolution 4 is in the best interests of the Company and its Shareholders.

### Existing interests and the dilutionary effect on other Shareholders' interests

The effect that the exercise of the options will have on the interests of the Director relative to other shareholders' interests is set out in the following table. The table assumes no further issues of shares in, or reconstruction of the capital of the Company during the time between issue and exercise of the option.

<b>Steven Mercer (as at the date of this Notice of Meeting)</b>	
The total number of shares on issue in the capital of the Company	214,250,604 ordinary shares in Tissue Therapies Limited
Shares currently held by Steven Mercer, Director (including indirect interests)	1,150,750 ordinary shares in Tissue Therapies Limited
% of shares currently held by Director	0.54% of the ordinary shares in Tissue Therapies Limited
Options held by Director prior to Annual General Meeting (including indirect interests)	140,000 options
Options to be issued under this resolution to Director following Annual General Meeting	500,000 options
Shares that will be held following the exercise of all options held by Director	1,790,750 ordinary shares in Tissue Therapies Limited
% of Shares that would be held by Director assuming no other options held by other parties were exercised	0.83% of the ordinary shares in Tissue Therapies Limited

### Directors' recommendation

The Directors (with Steven Mercer abstaining) recommend that you vote in favour of this resolution.

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## 5. Ratification and Approval of Previous Allotment and Issue of Shares under a Placement

The purpose of resolution 5 is for Shareholders to approve, pursuant to Listing Rule 7.4, those securities issued pursuant to the institutional placement which was completed on 1<sup>st</sup> March 2013, which will otherwise count toward the 15% limit under Listing Rule 7.1 and additional 10% limit under Listing Rule 7.1A.

Listing Rule 7.1 provides that (subject to certain exceptions, none of which are relevant here) prior approval of Shareholders is required for an issue of securities if the securities will, when aggregated with the securities issued by a company during the previous 12 months, exceed 15% of the number of the shares on issue at the commencement of that 12 month period.

The allotment and issue of securities detailed in resolution 5 did exceed the 15% threshold and required the Company to utilise its additional 10% placement capacity under Listing Rule 7.1A. However, Listing Rule 7.4 provides that where a company subsequently approves an issue of securities, the issue will be treated as having been made with approval for the purpose of Listing Rule 7.1 and Listing Rule 7.1A, thereby replenishing that company's 15% capacity and additional 10% capacity, enabling it to issue further securities up to that limit.

Resolution 5 proposes the approval of the previous allotment and issue of securities for the purpose of satisfying the requirements of Listing Rule 7.4.

The information required to be provided to Shareholders to satisfy Listing Rule 7.4 is specified in Listing Rule 7.5. Further details on this issue, for the purposes of Listing Rule 7.3A.6, are set out in the explanatory notes to resolution 8.

In compliance with the information requirements of Listing Rule 7.5, members are advised of the following particulars in relation to the allotment and issue:

Date of issue	1 <sup>st</sup> March 2013
Number of Shares issued	41,512,297 ordinary shares
Issue price and terms of issue	<ul style="list-style-type: none"><li>• The issue price was \$0.21</li><li>• The shares were issued as fully paid ordinary shares, ranking equally with all other ordinary shares and having identical rights to existing ordinary shares and are quoted on ASX.</li></ul>
Persons to whom Shares were issued	102 separate sophisticated and institutional investors introduced by RBS Morgans Corporate Limited and Bell Potter Securities Limited.
Intended use of funds:	<p>The funds were raised primarily to fund:</p> <ul style="list-style-type: none"><li>• GMP process validation;</li><li>• Health economics and reimbursement studies;</li><li>• Inventory manufacturing with labelling for additional markets;</li><li>• Other manufacturing, distribution and regulatory costs;</li><li>• Sales and marketing pre- and post-sales launch;</li><li>• Research and development; and</li><li>• Operating expenditure.</li></ul>

# Explanatory Memorandum

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## Directors' recommendation

The Directors recommend that you vote in favour of this resolution.

### 6. Ratification and Approval of Previous Allotment and Issue of Shares for Consultancy Services

The purpose of resolution 6 is for Shareholders to approve, pursuant to Listing Rule 7.4, those securities issued on 12<sup>th</sup> November 2012 and 7<sup>th</sup> May 2013 pursuant to a consulting agreement, which will otherwise count toward the 15% limit under Listing Rule 7.1.

Listing Rule 7.1 provides that (subject to certain exceptions, none of which are relevant here) prior approval of Shareholders is required for an issue of securities if the securities will, when aggregated with the securities issued by a company during the previous 12 months, exceed 15% of the number of the shares on issue at the commencement of that 12 month period.

The allotment and issue of securities detailed in resolution 6 did not exceed the 15% threshold. However, Listing Rule 7.4 provides that where a company subsequently approves an issue of securities, the issue will be treated as having been made with approval for the purpose of Listing Rule 7.1, thereby replenishing that company's 15% capacity and enabling it to issue further securities up to that limit.

Resolution 6 proposes the approval of the previous allotment and issue of securities for the purpose of satisfying the requirements of Listing Rule 7.4.

The information required to be provided to Shareholders to satisfy Listing Rule 7.4 is specified in Listing Rule 7.5.

In compliance with the information requirements of Listing Rule 7.5, members are advised of the following particulars in relation to the allotment and issue:

Dates of issue	12 <sup>th</sup> November 2012 and 7 <sup>th</sup> May 2013
Number of Shares issued	307,604 ordinary shares
Issue price and terms of issue	<ul style="list-style-type: none"><li>• The issue prices were:<ul style="list-style-type: none"><li>○ 125,394 ordinary shares at \$0.45 (12<sup>th</sup> November 2012)</li><li>○ 182,210 ordinary shares at \$0.26 (7<sup>th</sup> May 2013)</li></ul></li><li>• The shares were issued as fully paid ordinary shares, ranking equally with all other ordinary shares and having identical rights to existing ordinary shares and are quoted on ASX.</li></ul>
Persons to whom Shares were issued	Mr Geoff Morris
Intended use of funds:	Securities issued for the period from 1 April 2012 to 31 March 2013 under a consultancy agreement under which the consultant, Mr Geoff Morris, provides consultancy services to Tissue Therapies which relate to the commercialisation of VitroGro® ECM

## Directors' recommendation

The Directors recommend that you vote in favour of this resolution.

## Explanatory Memorandum

Tissue Therapies Limited, ABN 45 101 955 088  
Level 19, 179 Turbot Street, Brisbane, QLD 4000 Australia.



### 7. Ratification and Approval of Previous Allotment and Issue of Shares for Consultancy Services

The purpose of resolution 7 is for Shareholders to approve, pursuant to Listing Rule 7.4, those securities issued on 7<sup>th</sup> May 2013 pursuant to a consulting agreement, which will otherwise count toward the 15% limit under Listing Rule 7.1.

Listing Rule 7.1 provides that (subject to certain exceptions, none of which are relevant here) prior approval of Shareholders is required for an issue of securities if the securities will, when aggregated with the securities issued by a company during the previous 12 months, exceed 15% of the number of the shares on issue at the commencement of that 12 month period.

The allotment and issue of securities detailed in resolution 7 did not exceed the 15% threshold. However, Listing Rule 7.4 provides that where a company subsequently approves an issue of securities, the issue will be treated as having been made with approval for the purpose of Listing Rule 7.1, thereby replenishing that company's 15% capacity and enabling it to issue further securities up to that limit.

Resolution 7 proposes the approval of the previous allotment and issue of securities for the purpose of satisfying the requirements of Listing Rule 7.4.

The information required to be provided to Shareholders to satisfy Listing Rule 7.4 is specified in Listing Rule 7.5.

In compliance with the information requirements of Listing Rule 7.5, members are advised of the following particulars in relation to the allotment and issue:

Date of issue	7 <sup>th</sup> May 2013
Number of Shares issued	48,511 ordinary shares
Issue price and terms of issue	<ul style="list-style-type: none"><li>The issue price was \$0.25</li><li>The shares were issued as fully paid ordinary shares, ranking equally with all other ordinary shares and having identical rights to existing ordinary shares and are quoted on ASX.</li></ul>
Persons to whom Shares were issued	Mr Ron Shannon
Intended use of funds:	Securities issued for the period from 1 <sup>st</sup> November 2012 to 31 <sup>st</sup> March 2013 under a consultancy agreement under which the consultant, Mr Ron Shannon, provides consultancy services to Tissue Therapies relating to health economics and reimbursement approvals for VitroGro®ECM

#### Directors' recommendation

The Directors recommend that you vote in favour of this resolution.

### 8. Approval of Additional Capacity to Issue Shares under Listing Rule 7.1A

ASX Listing Rule 7.1 allows the Company to issue a maximum of 15% of its capital in any 12 month period without requiring shareholder approval. In accordance with new Listing Rules 7.1A, eligible entities (companies that are outside the S&P/ASX 300 index and that also have a market capitalisation of \$300 million or less) can issue a further 10% of share capital in 12 months on a non-pro rata basis if Shareholder approval is obtained at the Company's AGM.



# Explanatory Memorandum

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The Company is an eligible entity for the purposes of Listing Rule 7.1A.

Additional disclosure obligations are imposed when the special resolution is proposed, when securities are issued and when any further approval is sought. For the purposes of Listing Rule 7.3A the Company provides the following information:

<p>Minimum price at which the equity securities may be issued</p>	<p>The issue price of each Share must be no less than 75% of the volume weighted average price for the Shares calculated over the 15 trading days on which trades in that class were recorded immediately before:</p> <ul style="list-style-type: none"><li>(a) the date on which the price at which the securities are to be issued is agreed; or</li><li>(b) if the securities are not issued within 5 trading days of the date in paragraph (a), the date on which the securities are issued.</li></ul>
<p>Risk of economic and voting dilution</p>	<p>An issue of shares under Listing Rule 7.1A involves the risk of economic and voting dilution for existing ordinary security holders. The risks include:</p> <ul style="list-style-type: none"><li>(a) the market price for Shares may be significantly lower on the issue date than on the date of the approval under Listing rule 7.1A; and</li><li>(b) the equity securities may be issued at a price that is at a discount to the market price for the Shares on the issue date.</li></ul> <p>In accordance with Listing Rule 7.3A.2 a table describing the notional possible dilution, based upon various assumptions as stated, is set out below.</p>
<p>Date by which the Company may issue the securities</p>	<p>The period commencing on the date of the annual general meeting (to which this Notice relates) at which approval is obtained and expiring on the first to occur of the following:</p> <ul style="list-style-type: none"><li>(a) the date which is 12 months after the date of the annual general meeting at which approval is obtained; and</li><li>(b) the date of the approval by holders of the Company's ordinary securities of a transaction under Listing Rules 11.1.2 or 11.2.</li></ul> <p>The approval under Listing Rules 7.1A will cease to be valid in the event that holders of the Company's ordinary securities approve a transaction under Listing Rules 11.1.2 or 11.2.</p>

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<p>Purposes for which the equity securities may be issued, including whether the Company may issue them for non-cash consideration</p>	<p>It is the Board's current intention that any funds raised pursuant to an issue of securities will be applied towards the commercialisation of the Company's lead product VitroGro® ECM. This would principally include:</p> <ol style="list-style-type: none"> <li>1. costs of manufacturing, storing and distributing VitroGro® ECM;</li> <li>2. sales and distribution costs, including directly or indirectly Tissue Therapies, Movianto (logistics &amp; distribution) and Quintiles (sales staff);</li> <li>3. regulatory and reimbursement approvals;</li> <li>4. maintenance of intellectual property;</li> <li>5. research and development of associated product lines; and</li> <li>6. staff and office costs, audit and compliance expenses, and ASX fees.</li> </ol> <p>The Company reserves the right to issue shares for non-cash consideration, including for payment of service or consultancy fees and costs.</p>
<p>Details of the Company's allocation policy for issues under approval</p>	<p>The Company does not currently know the nature of the capital raising which may be conducted under listing Rule 7.1A (if any) and so is not able to specifically state an allocation policy. However, based on past practice, the Company has sought to utilise its additional placement capacity to issue securities to existing shareholders (to reward loyalty) and to new investors that are strategically aligned with the Company (in order to expand the Company's share register). Going forward, the Company will consider the most timely and cost effective sources of capital to achieve its commercial objectives, as well as prioritising issues to parties which may assist in strengthening the Company's share register or market standing and hence deliver an increase in share price.</p>
<p>Previous approvals under Listing Rule 7.1A</p>	<p>Approval was previously obtained at the 2012 AGM, on 12 November 2012.</p>

### Information under Listing Rule 7.3A.6(a):

The table below shows the total number of equity securities issued in the past 12 months preceding the date of the Annual General Meeting and the percentages those issues represent of the total number of equity securities on issue at the commencement of the 12 month period.

<p>Equity securities issued in the prior 12 month period</p>	<p>41,868,412 ordinary shares and 2,150,000 options under LR7.2 Rule 9</p>
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Percentage previous issues represent of total number of equity securities on issue at commencement of 12 month period	25.54%
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Information under Listing Rule 7.3A.6(b):

The tables below set out specific details for each issue of equity securities that have taken place in the 12 month period preceding the date of the Annual General Meeting.

Date of issue	22 November 2012
Number issued	125,394 ordinary shares
Class and type of equity security	Fully paid ordinary shares ranking equally with all other fully paid ordinary shares
Summary of terms	Securities issued for the period to 31 October 2012 under a consultancy agreement under which the consultant, Mr Geoff Morris, provides consultancy services to Tissue Therapies for the commercialisation of VitroGro® ECM.
Names of persons who received securities or basis on which those persons were determined	Mr Geoff Morris
Price	45 cents
Discount to market price (if any)	Nil
<b>For cash issues</b>	
Total cash consideration received	N/A
Amount of cash consideration spent	N/A
Use of cash consideration	N/A
Intended use for remaining amount of cash (if any)	N/A
<b>For non-cash issues</b>	
Non-cash consideration paid	\$57,013
Current value of that non-cash consideration	\$57,013

Date of issue	25 February 2013
Number issued	41,512,297 ordinary shares
Class and type of equity security	Fully paid ordinary shares ranking equally with all other fully paid ordinary shares

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Summary of terms	Fully paid ordinary shares under the Placement and ranking equally with all other fully paid ordinary shares
Names of persons who received securities or basis on which those persons were determined	Sophisticated and institutional investors introduced by RBS Morgans Corporate Limited and Bell Potter Securities Limited
Price	21 cents
Discount to market price (if any)	25% discount
<b>For cash issues</b>	
Total cash consideration received	\$8,717,582
Amount of cash consideration spent	Cash as at 31 August 2013 is \$3.2 million
Use of cash consideration	The funds raised primarily to fund: <ul style="list-style-type: none"> <li>• GMP process validation;</li> <li>• Health economics and reimbursement studies;</li> <li>• Inventory manufacturing with labelling for additional markets;</li> <li>• Other manufacturing, distribution and regulatory costs;</li> <li>• Sales and marketing pre- and post-sales launch;</li> <li>• Research and development; and</li> <li>• Operating expenditure</li> </ul>
Intended use for remaining amount of cash (if any)	As above
<b>For non-cash issues</b>	
Non-cash consideration paid	N/A
Current value of that non-cash consideration	N/A

Date of issue	7 May 2013
Number issued	230,721 ordinary shares
Class and type of equity security	Fully paid ordinary shares ranking equally with all other fully paid ordinary shares

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Summary of terms	<ul style="list-style-type: none"> <li>• 182,210 ordinary shares issued, for the period to 31 March 2013, under a consultancy agreement under which the consultant, Mr Geoff Morris, provides consultancy services to Tissue Therapies for the commercialisation of VitroGro® ECM.</li> <li>• 48,511 ordinary shares issued, for the period to 31 March 2013, under a consultancy agreement under which the consultant, Mr Ron Shannon, provides consultancy services to Tissue Therapies relating to health economics for and reimbursement approvals of VitroGro® ECM.</li> </ul>
Names of persons who received securities or basis on which those persons were determined	<ul style="list-style-type: none"> <li>• 182,210 ordinary shares issued to Mr Geoff Morris</li> <li>• 48,511 ordinary shares issued to Mr Ron Shannon</li> </ul>
Price	<ul style="list-style-type: none"> <li>• 182,210 ordinary shares issued at 26 cents</li> <li>• 48,511 ordinary shares issued at 25 cents</li> </ul>
Discount to market price (if any)	Nil
<b>For cash issues</b>	
Total cash consideration received	N/A
Amount of cash consideration spent	N/A
Use of cash consideration	N/A
Intended use for remaining amount of cash (if any)	N/A
<b>For non-cash issues</b>	
Non-cash consideration paid	<ul style="list-style-type: none"> <li>• \$47,607 for 182,210 ordinary shares</li> <li>• \$11,966 for 48,511 ordinary shares</li> </ul>
Current value of that non-cash consideration	<ul style="list-style-type: none"> <li>• \$47,607 for 182,210 ordinary shares</li> <li>• \$11,966 for 48,511 ordinary shares</li> </ul>

Date of issue	16 September 2013
Number issued	2,150,000 options
Class and type of equity security	Options

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# TISSUE THERAPIES

Summary of terms	<ul style="list-style-type: none"> <li>The exercise price of these Options will be calculated at a 15% premium to the 10 trading-day volume weighted average price of Tissue Therapies ordinary shares immediately prior to the achievement of the KPI;</li> <li>Options issued will vest upon the achievement of KPIs;</li> <li>The term of these Options will expire in 3 years from the date that they vest;</li> <li>In the event that the Option holder is no longer employed by Tissue Therapies Limited, a subsidiary of Tissue Therapies Limited or a contracted consulting company supplying services to Tissue Therapies Limited or a subsidiary of Tissue Therapies Limited, the Options will lapse if they have vested and are not exercised within 30 days from the date of termination of employment;</li> <li>The Options are not be transferable;</li> <li>The Options cannot be exercised unless the exercise price is less than the share price on the exercise date;</li> <li>Shares issued on exercise of the Options must not be disposed of without written Board approval.</li> </ul>
Names of persons who received securities or basis on which those persons were determined	Key Tissue Therapies' staff and contractors under the New Equity Option Plan approved at the annual general meeting held on 12 November 2012
Price	The exercise price of these Options will be calculated at a 15% premium to the 10 trading-day volume weighted average price of Tissue Therapies ordinary shares immediately prior to the achievement of the KPI
Discount to market price (if any)	N/A
<b>For cash issues</b>	
Total cash consideration received	N/A
Amount of cash consideration spent	N/A
Use of cash consideration	N/A
Intended use for remaining amount of cash (if any)	N/A
<b>For non-cash issues</b>	
<b>Non-cash consideration paid</b>	N/A
<b>Current value of that non-cash consideration</b>	N/A

## Explanatory Memorandum

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Information under Listing Rule 7.3A.2:

The table below shows the dilution of existing Shareholders on the basis of the current market price of Shares and the current number of ordinary securities for variable "A" calculated in accordance with the formula in Listing Rule 7.1A(2) as at the date of this Notice.

In particular, it assumes that "A" is calculated upon resolutions 4-7 inclusive being approved at the Annual General Meeting.

The table also shows:

- (i) two examples where variable "A" has increased, by 50% and 100%. Variable "A" is based on the number of ordinary securities the Company has on issue. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders' meeting; and
- (ii) two examples of where the issue price of ordinary securities has decreased by 50% and increased by 100% as against the current market price.

Variable 'A' in Listing Rule 7.1A.2		Dilution		
		\$0.17 50% decrease in Issue Price	\$0.34 Issue Price	\$0.68 100% increase in Issue Price
<b>Current Variable A</b> 214,250,604 Shares	<b>10% Voting Dilution</b>	21,425,060 Shares	21,425,060 Shares	21,425,060 Shares
	<b>Funds raised</b>	\$3,642,260	\$7,284,520	\$14,569,040
<b>50% increase in current Variable A</b> 321,375,906 Shares	<b>10% Voting Dilution</b>	32,137,590 Shares	32,137,590 Shares	32,137,590 Shares
	<b>Funds raised</b>	\$5,463,390	\$10,926,780	\$21,853,561
<b>100% increase in current Variable A</b> 428,501,208 Shares	<b>10% Voting Dilution</b>	42,850,120 Shares	42,850,120 Shares	42,850,120 Shares
	<b>Funds raised</b>	\$7,284,520	\$14,569,040	\$29,138,081

The table has been prepared on the following assumptions:

- (i) The Company issues the maximum number of Shares available under the 10% Listing Rule 7.1A approval.
- (ii) No options are exercised to convert into Shares before the date of the issue of the Shares available under Listing Rule 7.1A.
- (iii) The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.

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- (iv) The table does not show an example of dilution that may be caused to a particular Shareholder by reason of share issue under Listing Rule 7.1A, based on that Shareholder's holding at the date of the Meeting.
- (v) The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.
- (vi) The issue of Shares under Listing Rule 7.1A consists only of Shares.
- (vii) The issue price is \$0.34, being the closing price of the Shares on ASX on 10 September 2013.

### Directors' recommendation

The Directors recommend that you vote in favour of this resolution.



## Glossary

Tissue Therapies Limited, ABN 45 101 955 088  
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**TISSUE THERAPIES**

Annual General Meeting	means the Company's annual general meeting the subject of this Notice of Meeting.
Annual Report	means the 2013 Annual Report of the Company.
ASIC	means the Australian Securities and Investments Commission.
ASX	means ASX Limited ABN 98 008 624 691 or the securities market which it operates, as the context requires.
Board	means the Board of Directors of the Company.
Company or Tissue Therapies	means Tissue Therapies Limited ABN 45 101 955 088.
Constitution	means the constitution of the Company from time to time.
Corporations Act	means the Corporations Act 2001 (Cth).
Corporations Regulations	means the Corporations Regulations 2001 (Cth).
Directors	means the directors of the Company (from time to time, as the context requires).
Existing Equity Option Plan	means the Company's 2012 equity option plan approved by Shareholders at the Company's 2012 AGM.
Explanatory Memorandum	means the explanatory memorandum attached to the Notice of Meeting.
Key Management Personnel	means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise).
Listing Rules	means the listing rules of ASX.
Notice of Meeting	means the notice of meeting and includes the Explanatory Memorandum.
Remuneration Report	the section of the Directors' report for the 2013 financial year that is included under section 300A(1) of the Corporations Act.
Shares	means the existing fully paid ordinary shares in the Company.
Shareholder	means a person who is the registered holder of Shares.