



12 March 2004

Dear Shareholder

Invitation to Participate in Shareholder Share Purchase Plan

The Board of Directors of Resonance Health Limited (**Resonance** or **Company**) has approved the introduction of a Shareholder Share Purchase Plan (**Plan**). The Plan entitles Eligible Shareholders in the Company, irrespective of the size of their shareholding, to purchase up to **\$5,000** worth of ordinary fully paid shares in the Company (**Shares**) at a price equal to a **5% discount** to the volume weighted average trading price of the Company's shares on ASX during the 5 trading days immediately prior to the closing date of this offer, free of brokerage and commission (**Offer**).

In introducing the Plan, the Company is particularly mindful of the number of long standing shareholders of the Company who no longer hold a marketable parcel of shares. The Plan provides these shareholders in particular with the opportunity to hold an economic parcel of shares in the Company.

Share Purchase Plan

The Board is pleased to offer to all Eligible Shareholders an opportunity to participate in the Plan. Details of the Offer are set out in this letter and the enclosed Terms and Conditions together with an Entitlement and Acceptance Form.

The average closing market price of Resonance Shares traded on Australian Stock Exchange Limited (**ASX**) during the five (5) trading days immediately prior to the date of this Offer was 18.7 cents.

Current Projects

Details of the Company's current operations and projects will be included in a newsletter to be dispatched with this Offer.

Shareholders Eligible to Participate in the Plan

The right to participate in the Offer under the Plan is available exclusively to shareholders who are registered as holders of Shares in Resonance at 5pm (WST) on the record date of **Friday, 12 March 2004** and whose registered address is in Australia (**Eligible Shareholders**).

Use of Funds

The funds raised under the Plan will be used by the Company to continue the commercialisation of the FerriScan technology via its 51% controlled subsidiary, Inner Vision Biometrics Pty Ltd and for working capital.

Subscription and Application Procedure

If you would like to participate in the Offer, please return your completed Entitlement and Acceptance Form (enclosed), together with your cheque for the purchase price for the number of Shares you wish to acquire, on or before the **closing date of 5pm (WST) on Friday, 16 April 2004**. No late applications will be accepted.

Please note the maximum investment per shareholder is \$5,000 and the minimum investment is \$2,000. The maximum investment any shareholder may apply for will remain \$5,000 even if a shareholder receives more than one Offer (whether in respect of a joint holding or because the shareholder has more than one holding under a separate account).

Once the purchase price has been established, the number of Shares to which you are entitled will be calculated by dividing the subscription amount you have elected by the purchase price per share.

Additional Information and Important Dates

The Offer cannot be transferred and the Directors of the Company reserve the right to reject any application over \$5,000. Shares allotted under the Plan will be issued no later than 3 business days after the closing date of the Offer. Application for quotation on ASX of the new Shares will be made immediately following the issue of those Shares.

This Offer of Shares under the Plan is limited to 16,000,000 Shares. The Directors reserve the right to accept oversubscriptions although in the event that oversubscriptions are received, the Directors may, in their absolute discretion, scale-back all applications on a pro-rata basis to 16,000,000 Shares.

If the Company rejects or partially rejects an application or purported application, the Company will promptly return to the shareholder the relevant application monies, without interest.

On the trading day immediately prior to the date of the Offer, the last closing price of the Shares traded on ASX was 18.5 cents. The market price of the Shares in the Company may rise and fall between the date of the Offer and the date that any Shares are allotted to you as a result of your acceptance of this Offer. This means that the subscription price you pay for the Shares may exceed the market price of the Shares at the date of allotment of Shares under this Offer. The Board recommends that you obtain your own financial advice in relation to the Offer and consider price movements of Shares in the Company prior to accepting this Offer.

Shortfall Placement

In the event that less than 16,000,000 Shares are applied for pursuant to this Offer, the shortfall may be placed at the discretion of the directors.

ASX Waiver

ASX has granted a waiver under ASX Listing Rule 7.1 which effectively permits the Company to issue to Eligible Shareholders the Shares made under this Offer without shareholder approval. A waiver from ASX Listing Rule 10.11 has also been granted to permit the Company to issue the Shares under the Plan to the directors of the Company (and their controlled entities) in their capacity as Eligible Shareholders, without shareholder approval.

Indicative Timetable

| | |
|--------------------------------------|---------------|
| Announcement of Plan | 12 March 2004 |
| Record Date (5.00pm WST) | 12 March 2004 |
| Opening date of Offer | 18 March 2004 |
| Closing date of Offer | 16 April 2004 |
| Issue of Shares under the Plan | 21 April 2004 |
| Dispatch date for holding statements | 22 April 2004 |
| Quotation of Shares on ASX | 22 April 2004 |

These dates are indicative only. The Company may vary the dates and times of the Offer without notice. Accordingly, shareholders are encouraged to submit their Entitlement and Acceptance Forms as early as possible.

Holders of Small Parcels of Shares

A marketable parcel is defined by Australian Stock Exchange Limited (**ASX**) as a parcel of securities with a market value of less than \$500. You will understand and appreciate that the Company incurs considerable costs to administer shareholdings and in providing Annual Reports, Notices of Meeting and other information to its shareholders. In the case of small holdings, these expenses often outweigh the value of the Shares.

In order to reduce these costs, it is the Company's intention to, in the future, seek to sell the Shares held by holders of non-marketable parcels. Holders of small parcels of Shares will be provided with full details of their rights and obligations prior to the Company proceeding with such a course of action.

If you wish to participate in the Share Purchase Plan please ensure that you return the completed "Entitlement and Acceptance Form" prior to the closing date of the Offer.

Should you wish to discuss any information contained in this letter further, do not hesitate to contact the Company Secretary, Mr Evan Cross, on (08) 9389 5933.

Yours faithfully

A handwritten signature in dark ink, appearing to read 'Anthony Fitzgerald', with a horizontal line underneath it.

Anthony Fitzgerald
Managing Director
Resonance Health Limited

Resonance Health Limited
ABN 96 006 762 492
Share Purchase Plan - Terms and Conditions

Purpose

The purpose of the Share Purchase Plan (**the Plan**) is to offer shareholders of Resonance Health Limited (**Resonance**) the opportunity to acquire additional fully paid ordinary shares in the Company (**Resonance Shares**) up to a maximum of A\$5,000 in any 12 month period at a discount to the market price of Resonance Shares on the financial market operated by Australian Stock Exchange Limited (**ASX**) without the need to pay brokerage costs and without the need for Resonance to issue a Prospectus, upon such terms and conditions as the board of directors of Resonance, in its absolute discretion, sees fit.

Shareholders eligible to participate

Eligible shareholders of Resonance Shares that are registered with an Australian address at the relevant record date may participate in the Plan. Due to foreign securities laws, it is not practical for shareholders resident in other countries to be offered the opportunity to participate in the Plan.

Participation in the Plan is optional and is subject to these terms and conditions. Offers made under the Plan are not renounceable (ie eligible shareholders may not transfer their rights to any Resonance Shares offered under the Plan).

An offer may, at the discretion of the directors of Resonance, be made under the Plan once a year. The maximum amount, which any shareholder may subscribe for in any consecutive 12 month period, is A\$5,000. The directors of Resonance may also determine in their discretion the minimum amount for participation, the multiple of Resonance Shares to be offered under the Plan and the period the offer is available to eligible shareholders.

Price of Resonance Shares

The price of Resonance Shares to be issued under the Plan will be determined by calculating a discount to the volume weighted average market price of Resonance Shares quoted on ASX during the period 5 trading days immediately prior to the date of the Offer or the date Shares are issued pursuant to the Offer.

Applications and Notices

At the discretion of the directors of Resonance, Resonance will send eligible shareholders a letter of offer and acceptance procedures, inviting them to subscribe for Resonance Shares under the Plan, and accompanied by the terms and conditions of the Plan and an entitlement & acceptance form. Applications will not be accepted after the closing date of an offer. Over subscriptions to an offer may be refunded without interest.

Notices and statements made by Resonance to participants may be given in any manner prescribed by its Constitution.

Underwriting

An Offer may be underwritten and the underwriters and/or sub-underwriters may be issued with Shares pursuant to the Plan where one or more of the eligible shareholders fail to subscribe for the maximum number of shares available to them under the Offer. The Directors may pay a broker's fee to Underwriters.

Issue of Resonance Shares

Resonance Shares to be issued under the Plan will be issued as soon as reasonably practicable after the closing date specified by the Directors of Resonance in the relevant offer.

Resonance Shares issued under the Plan will rank equally in all respects with all other fully paid ordinary shares in Resonance from the date of issue.

Shareholding statements or CHESS notification will be issued in respect of all Resonance Shares issued under the Plan. Resonance will, promptly after the issue of Resonance Shares under the Plan, make application for those Resonance Shares to be listed for quotation on the official list of ASX.

Modification and Termination of the Plan

Resonance may modify or terminate the Plan at any time.

Resonance will notify ASX of any modification to, or termination of, the Plan. The omission to give notice of any modification to, or termination of, the Plan or the failure of ASX to receive such notice will not invalidate the modification or termination.

Without limiting the above, Resonance may issue to any person fewer Resonance Shares than the person applied for under the Plan if the issue of the Resonance Shares applied for would contravene any applicable law or the Listing Rules of ASX.

Dispute Resolution

Resonance may, in any manner it thinks fit, settle any difficulties, anomalies or disputes which may arise in connection with or by reason of the operation of the Plan, whether generally or in relation to any participant, application or Resonance Shares. The decision of Resonance in this respect will be conclusive and binding on all shareholders and other persons to whom that determination relates.

Resonance reserves the right to waive strict compliance with any provision of these terms and conditions. The powers of Resonance under these conditions may be exercised by the directors of Resonance or any delegate of the directors of Resonance.

Questions and Contact Details

If you have any questions regarding the Share Purchase Plan or how to deal with this Offer, please contact your stockbroker or professional adviser or Company Secretary, Evan Cross on (08) 9389 5933.

RESONANCE HEALTH LIMITED
ABN 96 006 762 492

Shareholder Share Purchase Plan Entitlement and Acceptance Form
Offer Closes 5.00pm (WST) 16 April 2004

---- DPID ----

<Address Line 1>
<Address Line 2>
<Address Line 3>
<Address Line 4>
<Address Line 5>
<Address Line 6>

< BARCODE OF SRN / HIN >

Record Date: 5pm (WST) on 12 March 2004

Holder Identification Number (HIN): X0000000000

This is an offer to eligible shareholder to subscribe for additional shares in Resonance Health Limited (**Resonance**) under the Terms and Conditions of the Resonance Shareholder Share Purchase Plan (**the Plan**) accompanying this form and letter from the Managing Director.

- The **maximum subscription** you can make is \$5,000.
- The **minimum subscription** you can make is \$2,000.
- You can purchase any number of new shares between the maximum and minimum. However, the number of Resonance shares offered under the Plan is limited. The Directors reserve the right to accept oversubscriptions although in the event that oversubscriptions are received, the Directors may, in their absolute discretion, scale-back all applications on a pro-rata basis to a minimum of 16,000,000 Shares.

The price per share for each Resonance will be equal to a **5% discount** to the volume weighted average trading price of the Company's shares on ASX during the 5 trading days immediately prior to the closing date of the Offer (**Purchase Price**).

The market price of shares in Resonance may rise or fall between the date of this offer and the date that the shares are allotted to you. This means that the subscription price you pay for the shares may exceed the market price of the shares at the date of allotment of the shares under this offer. We recommend that you obtain your own financial advice in relation to this offer and consider price movements of shares in Resonance prior to accepting this offer.

The maximum subscription for each shareholder will apply **even if a shareholder received more than one offer** (whether in respect of a joint holding or because the shareholder has more than one holding under separate share accounts). Resonance reserves the right to reject any application where this rule has not been complied with.

By accepting the Offer you agree to be bound by the Terms and Conditions of the Resonance Shareholder Share Purchase Plan and the Constitution of Resonance Health Limited.

APPLICATION FOR SHARES

I/we being the above mentioned, being registered as ordinary shareholder(s) in Resonance Health Limited as at the record date of 5pm (WST) on Friday, 12 March 2004, do hereby apply for the number of ordinary shares in Resonance Health Limited as indicated below at the Purchase Price per share issued in accordance with the Terms and Conditions of the Resonance Health Limited Shareholder Share Purchase Plan. I/we confirm that the total cost of shares purchased by us (including through joint holding(s), multiple share accounts or any holding in which I/we have a beneficial interest/s) does not exceed \$5,000 in accordance with the Applicants Certification and Confirmation.

To participate in the Shareholder Share Purchase Plan shareholders must select **only one** of the following two options. Please mark the selected box.

MAXIMUM APPLICATION



\$5,000

OR

SELECTED AMOUNT - PLEASE COMPLETE



\$. (minimum of \$2,000)

Please complete the following cheque payment details:

| Drawer | Bank | Branch or BSB | Amount |
|--------|------|---------------|--------|
| | | | |

Cheques should be made payable to "Resonance Health Limited Share Purchase Plan Account" and crossed "Not Negotiable".

Telephone number where we may contact you during business hours. (____) _____

Contact Name: _____

Offer Closes 5.00pm (WST) 16 April 2004

Applicant's Certification and Confirmation

- 1 By lodging this Entitlement and Acceptance Form you certify that the aggregate of the application price for the following does not exceed \$5,000:
- (a) the Resonance ordinary shares that are the subject of this application; and
 - (b) any other Resonance ordinary shares applied for by you under the Plan (or any similar arrangement in the 12 months prior to the application), whether:
 - (i) in your own right, or
 - (ii) jointly with one or more persons, or
 - (iii) in your capacity as a beneficiary (as defined below),
- but not including in your capacity as a trustee or nominee where it is expressly noted on Resonance's register of members that your shareholding is held on account of another person.
- If 2 or more persons are recorded in the register of members as jointly holding the Resonance shares to which this entitlement relates, they are taken to be a single registered holder and this certificate given by any of them is taken to be given by all of them.
- If a trustee or nominee is expressly noted on Resonance's register of members as holding the shares to which this entitlement relates on account of another person (the "beneficiary"), this certification and confirmation is taken to be given by the beneficiary in respect of him/her/itself (and not the trustee or nominee).
2. By lodging this form with your cheque you confirm that you have read, understood and agreed to the terms and conditions of the Plan.

Notes

- The terms and conditions of the Shareholder Share Purchase Plan accompanying the enclosed letter from the Managing Director should be read carefully.
- No priority will be afforded to applications on the basis of the date of receipt of such applications.
- Payments may only be made by cheque or bank draft in Australian dollars and drawn on an Australian branch of a financial institution.
- Cheques or bank drafts are to be made payable to: "**Resonance Health Limited Share Purchase Plan Account**" and crossed with "Not Negotiable".
- Cheques will be deposited on their day of receipt. Sufficient cleared funds should be held in your account as your acceptance may be rejected if your cheque is dishonoured. Receipts for payment will not be issued.
- Cash payments will not be accepted via the mail.
- If you wish to accept this offer please return this Entitlement and Acceptance Form duly completed together with a cheque for the subscription amount, in the envelope provided, **by 5.00pm (WST) on 16 April 2004**.
- Resonance Health Limited may reject an acceptance of this offer, in its absolute discretion, if this form is not completed in accordance with this offer, is incomplete or if the exact amount payable is not tendered with this form.

Receipt by Resonance Health Limited of this form duly completed, together with the full subscription amount, will constitute acceptance in accordance with the terms and conditions of the Shareholder Share Purchase Plan and the constitution of Resonance Health Limited by the shareholder named on this form. A signature on this form is not required.

This offer is not renounceable and as such may only be transferred after the shares are allotted.

QUESTIONS AND CONTACT DETAILS

If you have any questions regarding the Share Purchase Plan or how to deal with this Offer, please contact your stockbroker or professional adviser or Resonance's Company Secretary, Evan Cross on (08) 9389 5933.

Addresses:

| By Post | By Hand |
|---------|---------|
| | |

Return this form and cheque in the enclosed business reply paid envelope provided.

Offer Closes 5.00pm (WST) 16 April 2004

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000, 30/9/2001, 11/3/2002, 1/1/2003.

Name of entity

Resonance Health Limited

ABN

96 006 762 492

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|--|--|
| 1 | +Class of +securities issued or to be issued | Ordinary |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 16,000,000 ordinary shares |
| 3 | Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | Rank equally in all respects from the date of allotment with all other fully paid ordinary shares. |

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

| | |
|--|---|
| <p>4 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none">• the date from which they do• the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment• the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment | <p>Yes</p> |
| <p>5 Issue price or consideration</p> | <p>Price to be determined by calculating a discount to the volume weighted average market price quoted on ASX during the period 5 trading days immediately prior to the date of the offer or the date shares are issued pursuant to the offer.</p> |
| <p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p> | <p>To offer shareholders the opportunity to acquire additional fully paid ordinary shares in the Company up to a maximum of \$5,000 at a discount to the market price without the need to pay brokerage costs and without the need for the Company to issue a prospectus and to allow shareholders holding less than the marketable parcel of shares to increase their holding to a marketable parcel of shares.</p> <p>Funds raised under the plan will be used by the Company to continue the commercialisation of the FerriScan technology via its 51% controlled subsidiary, Inner Vision Biometrics Pty Ltd and for working capital.</p> |
| <p>7 Dates of entering +securities into uncertificated holdings or despatch of certificates</p> | <p>22 April 2004</p> |

+ See chapter 19 for defined terms.

| | Number | +Class |
|---|------------|---|
| 8 Number and +class of all +securities quoted on ASX (including the securities in clause 2 if applicable) | 58,413,736 | Ordinary |
| | 49,086,743 | Options – 15 cents on or before 15/1/07 |

| | Number | +Class |
|---|------------|--|
| 9 Number and +class of all +securities not quoted on ASX (including the securities in clause 2 if applicable) | 2,272,260 | Options – 40 cents on or before 15/1/08 |
| | 13,000,000 | Ordinary – Escrow to Nov 2004 |
| | 1,737,500 | Options – 10 cents on or before 15/1/07 |
| | 41,000,000 | IVBH Incentive shares <u>IVBH Incentive options</u> |
| | 4,000,000 | Options - 15 cents on or before 15/1/07 |
| | 4,000,000 | Options – 20 cents, 3 years from date of issue |
| | 10,000,000 | Options – 20 cents, 3 years from date of issue |
| | 10,000,000 | Options – 30 cents, 3 years from date of issue |

| | |
|---|----------------|
| 10 Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests) | Not applicable |
|---|----------------|

+ See chapter 19 for defined terms.

Part 2 - Bonus issue or pro rata issue

- 11 Is security holder approval required?
- 12 Is the issue renounceable or non-renounceable?
- 13 Ratio in which the +securities will be offered
- 14 +Class of +securities to which the offer relates
- 15 +Record date to determine entitlements
- 16 Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?
- 17 Policy for deciding entitlements in relation to fractions
- 18 Names of countries in which the entity has +security holders who will not be sent new issue documents
Note: Security holders must be told how their entitlements are to be dealt with.
Cross reference: rule 7.7.
- 19 Closing date for receipt of acceptances or renunciations

+ See chapter 19 for defined terms.

| | | |
|----|---|--|
| 20 | Names of any underwriters | |
| 21 | Amount of any underwriting fee or commission | |
| 22 | Names of any brokers to the issue | |
| 23 | Fee or commission payable to the broker to the issue | |
| 24 | Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of +security holders | |
| 25 | If the issue is contingent on +security holders' approval, the date of the meeting | |
| 26 | Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled | |
| 27 | If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders | |
| 28 | Date rights trading will begin (if applicable) | |
| 29 | Date rights trading will end (if applicable) | |
| 30 | How do +security holders sell their entitlements <i>in full</i> through a broker? | |
| 31 | How do +security holders sell <i>part</i> of their entitlements through a broker and accept for the balance? | |

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

32 How do +security holders dispose of their entitlements (except by sale through a broker)?

33 +Despatch date

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

34 Type of securities
(tick one)

(a) Exact number of shares purchased under the plan will be advised.
Securities described in Part 1

(b) All other securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

35 If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders

36 If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories
1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over

37 A copy of any trust deed for the additional +securities

+ See chapter 19 for defined terms.

Entities that have ticked box 34(b)

38 Number of securities for which
+quotation is sought

39 Class of +securities for which
quotation is sought

40 Do the +securities rank equally in all
respects from the date of allotment
with an existing +class of quoted
+securities?

If the additional securities do not
rank equally, please state:

- the date from which they do
- the extent to which they
participate for the next dividend,
(in the case of a trust,
distribution) or interest payment
- the extent to which they do not
rank equally, other than in
relation to the next dividend,
distribution or interest payment

41 Reason for request for quotation
now

Example: In the case of restricted securities, end of
restriction period

(if issued upon conversion of
another security, clearly identify that
other security)

| | Number | +Class |
|---|--------|--------|
| 42 Number and +class of all +securities quoted on ASX (<i>including</i> the securities in clause 38) | | |

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

Quotation agreement

1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.

- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
- We warrant that if confirmation is required under section 1017F of the Corporations Act in relation to the +securities to be quoted, it has been provided at the time that we request that the +securities be quoted.
- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here: ..Evan Cross.....Date: 12 March 2004
Company Secretary

+ See chapter 19 for defined terms.