



5 April 2004

The Manager
Company Announcements
Australian Stock Exchange
4th Floor
20 Bridge Street
SYDNEY NSW 2000

Dear Sir

COMPANY UPDATE – IMPORTANT COMMERCIAL PROGRESS

Please find attached a shareholder update for Resonance Health Limited which was distributed to shareholders today.

Yours truly,

Tony Fitzgerald
Managing Director



5 April 2004

Dear Shareholder,

Important Commercial Progress

I am very pleased to report on significant progress that has been achieved in the past several weeks towards the commercialisation of the FerriScan technology.

FerriScan is a novel non invasive liver diagnosis technology owned by Resonance's subsidiary company Inner Vision Biometrics Pty Ltd ("IVB"). It is designed to replace liver needle biopsies for the measurement of iron overload in the liver and with potentially broader applications in other areas of liver disease such as fibrosis caused by hepatitis.

UK Commercial Collaboration

Resonance has recently announced the establishment of a commercial collaboration between Inner Vision Biometrics Pty Ltd and MedTel UK Ltd concerning the planned launch of the FerriScan service in the United Kingdom. A copy of our recent stock exchange announcement concerning the MedTel transaction is enclosed for your information. We were delighted at the progress achieved with the MedTel group which will provide a springboard for the entry of the FerriScan service into the potentially lucrative UK market in the second half of the year once regulatory approval has been obtained for the test.

On Track for TGA Filing in Australia

I am pleased to confirm that IVB is on track for the lodgment of its submission to the Australian Therapeutic Goods Administration (TGA) for approval to market FerriScan. The submission will be lodged by 7 April and is the culmination of nearly five months of intensive work. Due to the recent signing by Australia of a reciprocal agreement with European regulatory authorities, once Australian approval is granted by the TGA for FerriScan, we can immediately apply to obtain European approval, including the ability to launch FerriScan in the UK market. With these factors in mind, we are targeting first commercial sales of the FerriScan test both in Australia and in the UK in the second half of 2004. The material assembled for the TGA submission in Australia will also form the basis for a US FDA regulatory approval application for FerriScan planned for the second half of 2004.

Agreement Signed with Novartis Pharma

I am also very pleased to advise you of the signing of an agreement between our subsidiary Inner Vision Biometrics and the international pharmaceutical group Novartis for the utilisation of the FerriScan test in a series of clinical trials being undertaken by Novartis on a major new drug. There are a number of areas in which our relationship with Novartis could significantly assist the commercial roll out of FerriScan and these are presently being pursued.

“Bonus” Options to be Listed

Over 50 current shareholders have exercised options in the company and as a result have become entitled to be issued with a new bonus option which expires in January 2008. The company will now seek listing of these “Bonus” options. Any current option holders who exercise options prior to 8 December 2004 will also receive a bonus option which will be listed.

Information about FerriScan

In order for our shareholders to have a better understanding of the commercial potential of the FerriScan technology, we are enclosing a copy of the FerriScan brochure which I hope you will find of interest. Further information concerning Resonance and FerriScan can be obtained from our websites at: www.resonancehealth.com
www.ferriscan.com

We believe that FerriScan has an exciting and near term profitable future in the area of iron overload and exciting prospects in some other major disease areas such as hepatitis. The company is actively pursuing a number of collaborations with researchers in the areas where abnormal iron levels may be an indicator to other diseases or conditions including diabetes, heart disease and Alzheimer’s disease.

Share Purchase Plan – Closing 16 April

I have recently written to you concerning the opportunity for shareholders with small parcels of shares to top these up to a marketable parcel at a discount to market price. The directors of Resonance actively encourage you to take advantage of this opportunity to increase your shareholding at a time when the company is approaching commercialisation of FerriScan. The closing date for the offer is 16 April. If you would like additional information on the terms of the share purchase plan, or further copies of the required documentation, please contact Stuart Usher at Resonance promptly on 08 9389 5933. Given the possible interruptions to normal mail schedules caused by Easter and to ensure that all shareholders have the opportunity to participate if they wish, the company is happy to receive faxed copies of applications on 08 9389 5944 with the originals and subscription amount being forwarded via mail.

I look forward to advising you of further progress in the company’s endeavours in due course.

Yours truly,



Tony Fitzgerald
Managing Director