



Resonance Health Limited
ABN 96 006 762 492
Ground floor
117 Stirling Highway
Nedlands
Perth
Western Australia 6009
Telephone (618) 9389 5933
Facsimile (618) 9389 5944

4th August 2004

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

Dear Sir

Shareholder notice of proposed sale of unmarketable parcels of shares

Please find attached a shareholder letter that is being distributed to shareholders today together with a retention of shares notice advising of the proposed sale of unmarketable parcels of shares held in Resonance Health Limited pursuant to Clause 3 of the Company's Constitution.

Yours sincerely,

Stuart Usher
Joint Company Secretary

RESONANCE HEALTH LIMITED

ABN 96 006 762 492

4th August 2004

Dear Shareholder

Notice of proposed sale of unmarketable parcels of shares held in Resonance Health Limited pursuant to Clause 3 of the Company's Constitution

Our records show that you are the holder of shares in Resonance Health Limited ("the Company"). At the date of this notice, your holding constitutes an unmarketable parcel of shares. An unmarketable parcel is any parcel of shares with a market value of less than \$500.

The cost to the Company in administering shareholdings of less than a marketable parcel of shares and in providing annual reports, notice of meetings and other information to its shareholders is considerable. In many cases these expenses are often greater than the underlying shares. Accordingly, in order to reduce these costs, Resonance Health Limited hereby gives notice pursuant to Clause 3 of its Constitution that, if your shareholding in Resonance Health Limited has a market value less than \$500 at the close of trading on the ASX on 22nd September 2004 (the Effective Date) your shares will be sold.

The Company intends to offer your shares for sale on ASX 5 business days after 15th September 2004, together with the shares held by all other shareholders holding less than the market value of \$500 who have not given notice that they wish to retain their shareholding in Resonance Health.

However your shares will not be sold if your holding becomes a marketable parcel (i.e. \$500 or more) before agreement is entered into by Resonance Health for the sale of your shares.

Pursuant to Clause 3 of the Company's Constitution, you must decide whether to:

(a) SELL YOUR SHARES

If you wish to sell your shares, ***DO NOT respond to this notice.*** The Board of the Company will take this as an indication by you that you wish the Company to sell your shares pursuant to Clause 3 of the Company's Constitution. After the notice period has expired (i.e. 15th September 2004) the Board of the Company will appoint a stockbroker to sell your shareholding in the ordinary course of trading on the Australian Stock Exchange at a price not less than the average of the last sale price of Resonance Health securities quoted on ASX for the 10 trading days immediately preceding the date of an offer for purchase of shares of the minority shareholder. All costs relating to the sale, including brokerage, will be borne by the Company. The money received by the Company from the sale of all shareholdings of less than the market value of \$500 will be paid to the relevant shareholdings as soon as practicable after the Company receives the proceeds of the sale;

OR

(b) RETAIN YOUR SHARES

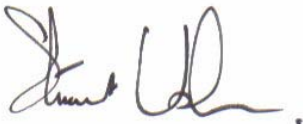
If you wish to keep your shareholdings in the Company, ***you must complete and return the attached notice*** by facsimile or by post to the share registry by no later than 15th September 2004. If you do not return the attached notice by this date, your shares may be sold in accordance with paragraph (a) above.

Where you have not given written notice before 15th September 2004 the Company will send a second written notice advising that the Company intends to sell your shareholding immediately upon expiration of 5 business days from the date of that notice (22nd September 2004) unless you give written notice to the Company within that time.

Please note that this notice to sell will lapse should a takeover offer be made for the shares in Resonance Health before agreement is entered into by Resonance Health for the sale of these shares.

If you have any questions regarding this letter, please contact our office by telephone on (08) 9389 5933, by facsimile (08) 9389 5944 or email: stuart@resonancehealth.com

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Stuart Usher', with a small dot at the end.

Stuart Usher
Joint Company Secretary



RESONANCE HEALTH LIMITED

ABN 96 006 762 492

RETENTION OF SHARES NOTICE

Complete and return this notice **by 15 September 2004** if you wish to retain your Resonance Health Limited shares – notwithstanding that they do not currently represent a marketable parcel.

In accordance with Clause 3 of the Constitution of Resonance Health Limited, I give notice that I wish to retain my shareholding in Resonance Health Limited.

NOTE: This notice only applies to the account identified by the SRN / HIN given above.

Signature of Shareholder/s

Individual or Shareholder 1

Shareholder 2

Shareholder 3

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Sole Director or
Sole Company Secretary

Director / Company Secretary

Director

Date:

Signature requirements:

Each shareholder **MUST** sign this form. If shares are held in joint names, all shareholders must sign. If signing as an Attorney, then the Power of Attorney must have been noted by the Company's share registry to be duly executed and accompany this form. Only duly authorised officers may sign on behalf of a company, stating the office held by the signatories.

Address for returning Retention of Share Notice

**Advanced Share Registry Services
PO Box 6283
EAST PERTH WA 6892**