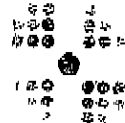


resonance health limited



3 November 2004

Australian Stock Exchange Limited
Level 8, Exchange Plaza
2 The Esplanade
PERTH WA 6000

Facsimile: 9221 2020

Attention: Ms Christine Panetta

Dear Christine

APPENDIX 4C QUERY FOR THE QUARTER ENDED 30 SEPTEMBER 2004

We refer to your letter dated 1 November 2004. Set out below is our response to each of the questions set out within your letter:

- 1. It is possible to conclude on the basis of the information provided that if the Company were to continue to expend cash at the rate for the quarter indicated by the Appendix 4C, the Company may only have sufficient cash to fund its activities for one quarter. Is this the case, or are there other factors that should be taken into account in assessing the Company's position?*

No, the Company will have sufficient cash to fund its activities and accomplish its commercialisation and business plan. Disclosure was made in the 2004 Annual Report – Notes to the Financial Statements, 'Note 20 Funding Requirements' that commented on the requirement for the Company to seek further funding.

This note disclosure is extracted from the 2004 Annual Report for your information.

"Shareholders should be aware that the Company is required to raise additional capital in the 2005 financial year to satisfy its own working capital requirements and to continue funding its investment in Inner Vision Biometrics Pty Ltd. The Directors anticipate this funding to come from two primary sources, firstly the exercise of \$0.15 Options on issue and listed under the ASX code RHTOA and secondly, via a placement of new shares to supplement any shortfall from the exercise of RHTOA Options.

The RHTOA Options expire on 15 January 2007. If however an Option is exercised on or before 8 December 2004, the holder is entitled to receive one free new Option exercisable at \$0.40 until 15 January 2008 and listed on the ASX under the code RHTOB. The Directors believe that a number of current Option holders are intending to exercise their RHTOA Options prior to 8 December 2004. At the date of this report there are 49,000,351 RHTOA Options available for exercise, with a total exercise value of \$7,350,053 (an amount considerably in excess of the Company's working capital and investment requirements). To the extent that the exercise of these Options does not provide the Company with sufficient working capital to meet its obligations throughout the year, the Directors have commenced discussions with a stock broking firm to undertake a placement of new capital to provide for any shortfall in working capital of the Company."

2. *Does the Company expect that in the future it will have negative operating cashflows similar to that reported in the Appendix 4C for the quarter and, if so, what steps has it taken to ensure that it has sufficient funds in order to continue its operations at that rate?*

While the Company is continuing with its planned commercialisation of the FerriScan technology during the second quarter, the Company anticipates cash outflows in relation to market development and costs relating to obtaining further regulatory approvals. The Company envisages that upon the granting of Australian and European regulatory approvals in the second quarter, the FerriScan service will be launched into the Australian and UK markets with revenues beginning to flow at that time.

The steps taken by the Company to ensure that sufficient funds are in place to fund its FerriScan commercialisation are included in the response to question one.

3. *To what extent have the Company's actual revenues and expenses in the quarter, as reported in the Appendix 4C, matched the Company's anticipated revenues and expenses for the reporting period?*

Expenses during the quarter as reported in the Appendix 4C have matched the Company's anticipated costs for this period, as it continues to achieve set objectives in its drive to commercialise its FerriScan service.

Revenues have been deferred until the regulatory approval process is completed. However, this will only have a minimal impact on Cashflow in the second quarter.

4. *If the Company's actual revenues and expenses are not substantially in accordance with the Company's anticipated revenues and expenses, when did the Company become aware that its revenues and expenses would not substantially match the anticipated revenues and expenses?
You may wish to outline any circumstances that may have had an effect on the Company's revenues and expenses.*

Not applicable, refer to response to question 3.

5. *What steps has the Company taken, or what steps does it propose to take, to enable it to continue to meet its business objectives?*

Refer to responses given to questions 1 and 2. Specifically, the Company anticipates raising sufficient capital via option exercises prior to December 2004 and/or a placement of new shares to supplement any shortfall from the exercise of RHTOA options.

6. *Can the Company confirm that it is in compliance with the listing rules, and in particular, listing rule 3.1?*

The Company confirms that it is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.

7. *Please comment on the Company's compliance with listing rule 12.2, with reference to the matters discussed in the note to the rule.*

Listing rule 12.2 states 'an entity's financial condition (including operating results) must, in ASX's opinion, be adequate to warrant the continued quotation of its securities and its continued listing'. The note to this rule states that composition of the balance sheet, relative size of liabilities to assets and access to funds are some of the indicators of an entity's financial condition.

It is in the Company's view that the Company is in compliance with Listing Rule 12.2. A summary of the composition of the Company's Balance Sheet as at 30 November 2004 is as follows:

	30 June 2004	30 Sep 2004
Net Assets	\$2,869,125	\$2,242,846
Net Tangible Assets	\$1,201,417	\$575,138
Current Assets	\$1,385,170	\$780,789
Current Liabilities	\$262,868	\$329,927

Yours sincerely,



Stuart Usher
Joint Company Secretary

**ASX**

AUSTRALIAN STOCK EXCHANGE

FXED
1 November 2004

Mr Stuart Usher
Joint Company Secretary
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WEST PERTH WA 6872

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Perth WA 6840

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Facsimile 61 (08) 9221 2020
Internet <http://www.asx.com.au>

By facsimile: (08) 9389 5944

Dear Sir

Resonance Health Limited (the "Company")

I refer to the Company's Quarterly Report in the form of Appendix 4C for the period ended 30 September 2004, released to Australian Stock Exchange Limited ("ASX") on 29 October 2004, (the "Appendix 4C").

ASX notes that the Company has reported the following.

1. Nil receipts from customers.
2. Net negative operating cash flows for the quarter of \$592,000.
3. Cash at end of quarter of \$615,000.

In light of the information contained in the Appendix 4C, please respond to each of the following questions.

1. It is possible to conclude on the basis of the information provided that if the Company were to continue to expend cash at the rate for the quarter indicated by the Appendix 4C, the Company may only have sufficient cash to fund its activities for one quarter. Is this the case, or are there other factors that should be taken into account in assessing the Company's position?
2. Does the Company expect that in the future it will have negative operating cash flows similar to that reported in the Appendix 4C for the quarter and, if so, what steps has it taken to ensure that it has sufficient funds in order to continue its operations at that rate?
3. To what extent have the Company's actual revenues and expenses in the quarter, as reported in the Appendix 4C, matched the Company's anticipated revenues and expenses for that reporting period?
4. If the Company's actual revenues and expenses are not substantially in accordance with the Company's anticipated revenues and expenses, when did the Company become

aware that its revenues and expenses would not substantially match the anticipated revenues and expenses? You may wish to outline any circumstances that may have had an effect on the Company's revenues and expenses.

5. What steps has the Company taken, or what steps does it propose to take, to enable it to continue to meet its business objectives?
6. Can the Company confirm that it is in compliance with the listing rules, and in particular, listing rule 3.1?
7. Please comment on the Company's compliance with listing rule 12.2, with reference to the matters discussed in the note to the rule.

Listing rule 3.1

Listing rule 3.1 requires an entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. The exceptions to this requirement are set out in the rule.

In responding to this letter you should consult listing rule 3.1 and the guidance note titled "Continuous disclosure: listing rule 3.1".

If the information requested by this letter is information required to be given to ASX under listing rule 3.1 your obligation is to disclose the information immediately.

Your responsibility under listing rule 3.1 is not confined to, or necessarily satisfied by, answering the questions set out in this letter.

This letter and your response will be released to the market. If you have any concerns about your response being released, please contact me immediately. Your response should be sent to me on facsimile number (08) 9221 2020. It should not be sent to the Company Announcements Office.

Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible and, in any event, not later than the close of business (ie 5.00 p.m. W.S.T.) on Wednesday, 3 November 2004.

If you are unable to respond by the time requested you should consider a request for a trading halt in the Company's securities.

If you have any queries regarding any of the above, please let me know.

Yours faithfully



Christine Panetta
Senior Companies Adviser

Direct Line: (08) 9224 0014