

Jan 2006

INSIDE Insight

Welcome
New Fibrosis Test Completes 'Proof Of Concept'
FerriScan Gains Independent Validation
Australian Haemochromatosis Society Partners Resonance
Commercialisation Update

Welcome to the new Insight! Enjoy...

Welcome to Insight, which will now be available quarterly to keep you up to date with commercial progress, pipeline products and other initiatives within Resonance Health. With rapid expansion during the past 6 months and our lead technology FerriScan® now in use at over 36 sites worldwide, we enter 2006 with our new Fibrosis Test emerging strongly from 'Proof Of Concept' phase.

This will see a second product brought to market which will complement our unique technology platform and leverage the existing corporate alliances and market penetration in place with FerriScan.

With our ongoing commercial collaborations and a strong and growing clinical demand for our existing and new technology, we look forward to realising sustainable revenue in the coming year and beyond, with appropriate value being returned to all shareholders. We thank you for your continued support of Resonance Health.

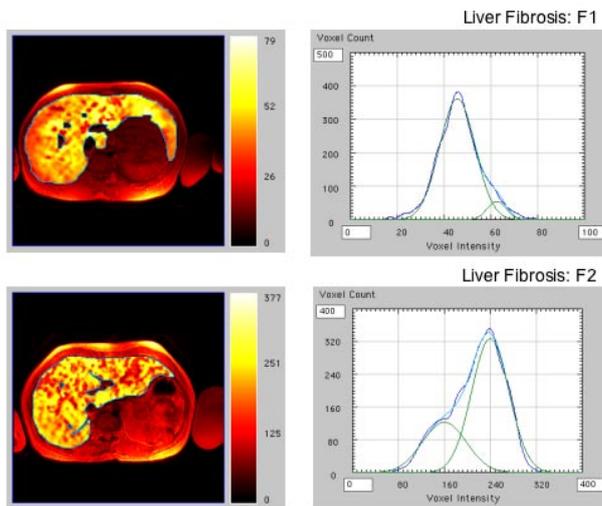
Managing Director - James Williams

New Fibrosis Test Completes 'Proof Of Concept'

Resonance Health's new Fibrosis test, has emerged strongly from 'Proof of Concept' phase with data demonstrating that highly accurate readings of liver fibrosis can be obtained from our patented MR technology. This will see a second product progressed through clinical development during 2006 with huge global clinical application operating in a multi-billion dollar market for diagnosis and therapies for liver fibrosis and its underlying causes.

With World Health Organisation (WHO) estimating that 170 million people are infected with Hepatitis C alone, a major cause of liver fibrosis, there is a major clinical demand for an accurate non-invasive test for liver fibrosis and cirrhosis. Currently the gold standard for assessing the degree of fibrosis is by liver biopsy, an invasive and potentially risky procedure with an associated sampling error and poor patient acceptance.

Data produced by the Research and Development team at Resonance shows potential for the new test to have significant advantages over currently available diagnostic tests. A US patent application has already been lodged and results from 'Proof of Concept' work is being prepared for peer reviewed journal publication. Preparations are now underway for a multicentre validation study which will confirm the superiority of the test in anticipation of regulatory submissions.



Tim St Pierre, Chief Scientific Officer explained:

'Whilst other non-invasive fibrosis tests focus only on Hepatitis C based fibrosis, our new test will encompass the complete spectrum of liver disease. Our existing MRI customers will be able to provide the new test with no additional requirements for data collection and many other MRI centres can easily be activated to ensure widespread accessibility. Patients and clinicians throughout the world will be able to obtain two crucial measures of liver health essential for diagnosis and patient management without the need for liver biopsy.'



FerriScan Gains Independent Validation

Last month Resonance Health's lead product FerriScan, gained independent validation at the American Society of Hematology (ASH) conference in Atlanta and in top peer reviewed medical journal 'Blood', demonstrating increasing recognition and acceptance in the clinical community.

Whilst FerriScan is already validated against the current 'gold standard' liver biopsy, the ASH conference marked an independent validation following a presentation detailing its use in a clinical study undertaken by Novartis Pharma AG, Swiss Pharmaceutical company. The poster presentation at the conference also coincided with a review in internationally acclaimed medical journal 'Blood'. This independent review, written by Clara Camaschella, highlighted the role of MRI in diagnosing iron overload in Haemochromatosis and a spectrum of iron metabolism disorders.

Glenn Smith, Marketing and Sales Director, commented

"These presentations demonstrate and support the growing clinical acceptance of FerriScan as the way forward in routine measurement and monitoring of liver iron. We were delighted to attend ASH this year to demonstrate the clinical advantages to delegates."

Attendance at ASH conference, which was attended by over 20,000 specialists from throughout the world, followed Resonance Health's presence at the Radiology Society of North America in Chicago where there was significant interest from both industry and clinicians in FerriScan and ongoing developments with the Fibrosis research.

Australian Haemochromatosis Society Partners Resonance

Resonance Health has been working closely with disease communities throughout the world to raise awareness of iron overload and FerriScan, which is able to improve health outcomes for people suffering this common condition.

Margaret Rankin, President of the Australian Haemochromatosis Society is among leading disease organisations advocating FerriScan to communities and recently had her first FerriScan in Queensland. Margaret, who recently received a Queens Birthday Honour Award (AM) for her work with people suffering from iron overload said:

"The FerriScan was quick and painless and is an excellent alternative to liver biopsy for patients who want to find out their exact level of iron loading. The Haemochromatosis Society is working with the providers of FerriScan, Resonance Health to promote awareness of iron overload and improve health outcomes for people affected by this disease."

Commercialisation Update

With rapid growth in Australia and overseas, Resonance Health now has 36 activated MRI sites throughout the world providing FerriScan services.

The Western Australian Government Health Supply contract to provide FerriScan at every capable hospital in the State has further paved the way for reimbursement at other states in Australia and offshore.

Working closely with the pharmaceutical industry and partnering a major imaging chain in the US, Resonance Health will also be working with recently appointed Corporate Advisors, Montgomery Pacific, in the US to achieve further commercial collaborations.

Glenn Smith, Marketing and Sales Director explained:

"During the past 6 months we have seen good uptake of FerriScan by MRI sites around the world. This provides a solid foundation into 2006 where we expect further market penetration in the first quarter and significant revenue from our continuing activities. Whilst we continue to explore new markets for FerriScan, our core strategic focus will be on reimbursement in major markets. Securing this milestone will see FerriScan meet its true potential."