



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

26 June 2006

Dear Sir,

RHT: Resonance Health announces entitlements offer; Funding to propel development of FibroScreen™

Resonance Health Limited (ASX:RHT) today announced a pro-rata non-renounceable entitlements offer (“Entitlements Offer”) to Australian and New Zealand registered holders as at 7.00pm on Monday, 17 July 2006 (“Record Date”).

Eligible shareholders are being offered the opportunity to subscribe for 3 new ordinary shares for every 4 shares (fractions rounded up to the next whole share) held on the Record Date at a price of A\$0.02 (2 cents) per new share.

If all current shareholders accept their entitlements, the offering will raise approximately \$3.06 million. The Entitlements Offer is not underwritten. To the extent shareholders do not take up their entitlements, the shortfall may be placed with other wholesale and professional investors chosen by the Board. The Company will not accept any funds and no shares will be issued under the Entitlements Offer unless it receives subscriptions of at least \$1.5 million (inclusive of subscriptions from the placement of any shortfall) before costs.

The Entitlements Offer will be open for acceptances during the period 18 July 2006 to 1 August 2006. The Company expects to lodge its Prospectus for the Entitlements Offer with the ASIC by 7 July 2006.

On 6 June 2006, Resonance Health announced the successful completion of “Proof of Concept” for its non-invasive liver fibrosis test, known as FibroScreen™. The initial research project determined that MRI data acquired using the FerriScan® technology can also be used to identify and quantify the presence of fibrosis and cirrhosis in the liver.

The World Health Organisation (WHO) estimates that 170 million people are infected with Hepatitis C, a major cause of liver fibrosis. Additionally, recent population studies have shown that 60 million adult Americans and an unknown proportion of children in

the US suffer from nonalcoholic fatty liver disease (NAFLD), a condition that can lead to cirrhosis, liver failure, and/or cancer. Fibrotic liver diseases accounts for 1.3 million deaths per annum, making these diseases the 8th most common global cause of death.

Because the potential market for FibroScreen™ is very attractive, with 170 million people worldwide affected by Hepatitis C as just one potential market, the Board of Directors has determined that the Company should proceed with continued development of FibroScreen™.

The funds from the entitlements issue will be primarily used to commence full development of FibroScreen™. The Company will also seek to obtain Government grants to accelerate and complete the development of the product. While there can be no guarantee the Company will obtain a grant, one of the conditions of such grants is that RHT is able to fund 50% of the FibroScreen™ development costs.

In setting the price for the Entitlements Offer at 2 cents per new share, the Board is mindful that many investors are holding the stock at a loss, and wishes to provide an opportunity for shareholders to participate at this pricing level.

The Board does not believe that the pricing discount is a negative reflection on the value of the Company's assets. To the contrary, the Board believes that one reason for the current share price may be the perception that the Company does not have sufficient funding to develop its technologies.

Resonance Health already provides an FDA and TGA cleared test in FerriScan®. The clearances already received for FerriScan® from regulatory bodies around the world and the initial market adoption of the test provides a base from which a clinically superior and market acceptable fibrosis test may be developed.

Finally, it is the view of the board that this Entitlements Offer enhances the plans announced by the Company on 6 June 2006 to continue to pursue potential acquisitions of pathology labs. The Board believes that a stronger balance sheet will assist Resonance Health in its goal of acquiring pathology labs and attracting equity investment for such labs. The Queensland Biotechnology Fund ("QBF") remains ready to invest \$8 million in Resonance Health to help finance such acquisitions. Final terms and conditions of both the pathology lab acquisitions and the equity investment are subject to a final agreement.

An ASX Appendix 3B for the entitlements offer is also lodged with this announcement.

The Prospectus and Entitlement and Acceptance Form will be dispatched to shareholders by 18 July 2006. Anyone wishing to subscribe for shares under the Entitlements Offer will need to complete the Entitlement and Acceptance Form that will accompany the Prospectus.

The key dates for the entitlements offer are set out below. These dates are subject to change by Resonance Health, in consultation with ASX.

Resonance Health Limited ABN: 96 006 762 492

Lodgement of entitlements issue prospectus	Friday 7 July 2006
Shares trade "ex-entitlements"	Tuesday 11 July 2006
Record Date (7.00 pm WST)	Monday 17 July 2006
Despatch of Prospectus	Tuesday 18 July 2006
Entitlements offer closes (5.00 pm WST)	Tuesday 1 August 2006
Allotment of new shares and despatch of holding statements	Thursday 10 August 2006
Trading of new shares expected to commence on ASX	Friday 11 August 2006

For further information, please contact:

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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, 24/10/2005.

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 Shares |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | Approximately 153,455,820 ordinary fully paid 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) | Same as existing listed ordinary fully paid shares |

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>The securities will rank equally in all respects with existing ordinary shares from the date of allotment.</p>								
<p>5 Issue price or consideration</p>	<p>2 cents per new ordinary fully paid share</p>								
<p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>The purpose of the issue is to raise additional capital for the continuation of the FerriScan[®] business and continued R&D efforts for the fibrosis testing technology and to provide additional working capital for general corporate purposes.</p>								
<p>7 Dates of entering ⁺securities into uncertificated holdings or despatch of certificates</p>	<p>Anticipated to be 10 August 2006</p>								
<p>8 Number and ⁺class of all ⁺securities quoted on ASX (<i>including</i> the securities in clause 2 if applicable)</p>	<table border="1"> <thead> <tr> <th data-bbox="686 1422 997 1467">Number</th> <th data-bbox="997 1422 1287 1467">⁺Class</th> </tr> </thead> <tbody> <tr> <td data-bbox="686 1467 997 1668"> Approximately 358,063,579 <i>(including securities in clause 2 after quotation)</i> </td> <td data-bbox="997 1467 1287 1668"> Ordinary Shares </td> </tr> <tr> <td data-bbox="686 1668 997 1758"> 47,798,794 </td> <td data-bbox="997 1668 1287 1758"> Options – 15c on or before 15/1/07 </td> </tr> <tr> <td data-bbox="686 1758 997 1848"> 20,604,594 </td> <td data-bbox="997 1758 1287 1848"> Options – 40c on or before 15/1/08 </td> </tr> </tbody> </table>	Number	⁺ Class	Approximately 358,063,579 <i>(including securities in clause 2 after quotation)</i>	Ordinary Shares	47,798,794	Options – 15c on or before 15/1/07	20,604,594	Options – 40c on or before 15/1/08
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47,798,794	Options – 15c on or before 15/1/07								
20,604,594	Options – 40c on or before 15/1/08								

	Number	+Class
9 Number and +class of all +securities not quoted on ASX (<i>including</i> the securities in clause 2 if applicable)	800,000	Options – 40c on or before 07/07/2009
	1,600,000	Options – 30c on or before 07/07/2009
	4,000,000	Options – 20c on or before 12/11/2007
	3,333,341	Options – 20c on or before 06/12/2007
	3,333,325	Options – 30c on or before 06/12/2007
	3,333,342	Options – 20c on or before 01/02/2008
	3,333,325	Options – 30c on or before 01/02/2008
	500,000	Options – 25c on or before 31/05/2007
	1,000,000	Options – 30c on or before 31/05/2008
	13,000,000	Incentive shares – F class
	3,000,000	Incentive shares – G class

Appendix 3B
New issue announcement

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Number	Class
	<u>Incentive Options</u>
3,333,334	Options 20c, 3 years from date of issue
3,333,333	Options – 30c, 3 years from date of issue
2,000,000	Options – 40c expiring 31/07/2008
2,000,000	Options – 50c expiring 31/07/2008
100,000	Employee Incentive options – 30c expiring 24/03/2008
400,000	Employee Incentive options – 40c expiring 02/04/2007
10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)
There are currently no plans to pay any dividends.	

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	Fractional entitlements will be rounded up to the nearest whole number of new shares.
18	<p>Names of countries in which the entity has ⁺security holders who will not be sent new issue documents</p> <p><small>Note: Security holders must be told how their entitlements are to be dealt with.</small></p> <p><small>Cross reference: rule 7.7.</small></p>	<p>All foreign countries except New Zealand.</p> <p>At the date of this notice excluded countries are:</p> <p>Argentina France Great Britain Guernsey Channel Island Ireland Malaysia Monaco Papau New Guinea Singapore Thailand United Arab Emirates United States Vanuatu</p>
19	Closing date for receipt of acceptances or renunciations	Anticipated to be 1 August 2006
20	Names of any underwriters	There are no underwriters for this issue
21	Amount of any underwriting fee or commission	N/A
22	Names of any brokers to the issue	N/A
23	Fee or commission payable to the broker to the issue	N/A
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of ⁺ security holders	N/A
25	If the issue is contingent on ⁺ security holders' approval, the date of the meeting	N/A
26	Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled	Anticipated to be 18 July 2006

Appendix 3B
New issue announcement

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	Anticipated to be 7 July
28	Date rights trading will begin (if applicable)	N/A
29	Date rights trading will end (if applicable)	N/A
30	How do +security holders sell their entitlements <i>in full</i> through a broker?	N/A
31	How do +security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	N/A
32	How do +security holders dispose of their entitlements (except by sale through a broker)?	N/A
33	+Despatch date	Anticipated to be 10 August 2006

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) 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

Entities that have ticked box 34(b)

- 38 Number of securities for which +quotation is sought N/A
- 39 Class of +securities for which quotation is sought N/A
- 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
- N/A

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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)	N/A
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42	Number and +class of all +securities quoted on ASX (including the securities in clause 38)	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%;">Number</th> <th style="width: 50%;">+Class</th> </tr> </thead> <tbody> <tr> <td style="height: 80px;"></td> <td></td> </tr> </tbody> </table>	Number	+Class		
Number	+Class					

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.
- 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:
(Company secretary)

Date: 26-Jun-06.....

Print name: Eva Liu