



RESONANCE HEALTH LIMITED

ACN 006 762 492

**NOTICE OF EXTRAORDINARY GENERAL MEETING
EXPLANATORY MEMORANDUM
AND PROXY FORM**

*Date of Meeting:
Friday, 29 September 2006*

*Time of Meeting:
2pm*

*Place of Meeting:
Level 1, Alan Gilbert Building
161 Barry Street, Carlton South VIC 3053*

Notice of Extraordinary General Meeting

NOTICE is hereby given that an Extraordinary General Meeting of members of Resonance Health Limited ('the Company') will be held at Level 1, Alan Gilbert Building, 161 Barry Street, Carlton South VIC 3053 on 29 September 2006 at 2pm .

Introduction

This meeting has been called in accordance with the Company's obligations under the law in response to a requisition for a general meeting by shareholders holding approximately 7% of the shares in the Company as at the date of the requisition. It requests that certain Directors be removed from office and that two new directors be elected.

The meeting triggers the requirement in the Constitution that Directors who were appointed since the last AGM by the Board, and who have not yet been subject to election by Shareholders, submit themselves for election.

Your Directors **strongly recommend** that you **RETAIN** the **current Board** and that you vote:

- **AGAINST** Resolutions 1 to 7; and
- **FOR** Resolutions 8, 9, 10, 11 and 12.

Further information is included in the Explanatory memorandum accompanying this Notice of Meeting.

BUSINESS

Resolutions for Requisitioned Meeting

By a notice delivered to the Company on Monday 31 July 2006 under section 249D of the Corporations Act 2001, the Company was requested to call a meeting of shareholders to consider Resolutions 1 to 7 which were set out in the notice. The notice was given by Paul Roderick Clark as trustee for the Pakima Trust and the following companies associated with Mr Simon Timothy Panton: Mondo Electronics 2000 Pty Ltd, TV Games Pty Ltd, Mondo Electronics Pty Ltd, Trinity Investments International Pty Ltd and Southam Investments 2003 Pty Ltd.

Resolution 1 – Appointment of Mr. Simon Timothy Panton as Company director

"That Mr Simon Timothy Panton be and is hereby appointed as a director of the Company."

Resolution 2 – Appointment of Mr David Grant Sanders as Company director

"That Mr David Grant Sanders be and is hereby appointed as a director of the Company."

Resolution 3 – Removal of Mr Guy Aird as Company director

"That Mr Guy Aird be and is hereby removed as a director of the Company."

Resolution 4 – Removal of Mr Michael Dalsin as Company director

"That Mr Michael Dalsin be and is hereby removed as a director of the Company."

Resolution 5 – Removal of Mr Roger Greene as Company director

"That Mr Roger Greene be and is hereby removed as a director of the Company."

Resolution 6 – Removal of Dr Andrew Walker as Company director

"That Dr Andrew Walker be and is hereby removed as a director of the Company."

Notice of Extraordinary General Meeting

Resolution 7 – Removal of Dr Michael Wooldridge as Company director

“That Dr Michael Wooldridge be and is hereby removed as a director of the Company.”

Resolutions pursuant to Constitution of the Company

Clause 13.4 of the Company's constitution provides that a Director who was appointed by the Board as an addition to the Board shall only hold office until the next general meeting, and shall be eligible for re-election. In accordance with clause 13.4 of the Company's constitution, Shareholders are requested by the Board to consider the following ordinary resolutions:

Resolution 8 – Re-election of Dr Gary Pace as Company director

“That Dr Gary Pace, being a director of the Company who was appointed on 20 April 2006 and being eligible and offering himself for re-election, be appointed as a director of the Company.”

Resolution 9 – Re-election of Mr Guy Aird

“That Mr Guy Aird, being a director of the Company who was appointed on 20 April 2006 and being eligible and offering himself for re-election, be appointed as a director of the Company.”

Resolution 10 – Re-election of Mr Michael Dalsin

“That Mr Michael Dalsin, being a director of the Company who was appointed on 20 April 2006 and being eligible and offering himself for re-election, be appointed as a director of the Company.”

Resolution 11 – Re-election of Mr Roger Greene

“That Mr Roger Greene, being a director of the Company who was appointed on 20 April 2006 and being eligible and offering himself for re-election, be appointed as a director of the Company.”

Resolution 12 – Re-election of Dr Timothy St. Pierre

“That Dr Timothy St. Pierre, being a director of the Company who was appointed on 21 August 2006 and being eligible and offering himself for re-election, be appointed as a director of the Company.”

By order of the Board



Eva Liu
Company Secretary
21 August 2006

Voting Instructions

Information on Voting for Shareholders

There may be a number of outcomes from voting at the meeting. To assist Shareholders, the following are voting patterns for particular outcomes. Shareholders are free to vote for or against or to abstain from voting in respect of each Resolution.

To **retain the current Board**, vote:

- **AGAINST** Resolutions 1 to 7; and
- **FOR** Resolutions 8, 9, 10 and 11.

To elect Mr Panton as a Director, vote FOR Resolution 1. If you do not wish to appoint Mr Panton as a Director, vote AGAINST Resolution 1.

To elect Mr Sanders as a Director, vote FOR Resolution 2. If you do not wish to appoint Mr Sanders as a Director, vote AGAINST Resolution 2.

To remove any of Messrs Aird, Dalsin or Greene or Drs Walker or Wooldridge as Directors, vote FOR the relevant Resolutions 3, 4, 5, 6 or 7.

To retain Dr Pace as a Director, vote FOR Resolution 8.

To retain Mr Aird as a Director, vote FOR Resolution 9 and AGAINST Resolution 3.

To retain Mr Dalsin as a Director, vote FOR Resolution 10 and AGAINST Resolution 4.

To retain Mr Greene as a Director, vote FOR Resolution 11 and AGAINST Resolution 5.

To retain Dr St. Pierre as a Director, vote FOR Resolution 12

To retain Dr Walker as a Director, vote AGAINST Resolution 6.

To retain Dr Wooldridge as a Director, vote AGAINST Resolution 7.

Your Directors strongly recommend that you RETAIN the current Board and that you vote:

**AGAINST Resolutions 1 to 7; and
FOR Resolutions 8, 9, 10, 11 and 12.**

Explanatory Memorandum

The accompanying Explanatory Memorandum forms part of this Notice of General Meeting and should be read in conjunction with it.

Voting by Proxy

Please note that:

- 1) **(right to appoint):** Each Shareholder has the right to appoint a proxy to attend and vote for the shareholder at this meeting.
- 2) **(two proxies):** To enable a shareholder to divide their voting rights a shareholder may appoint two proxies. Where two proxies are appointed:
 - a) a separate Proxy Form should be used to appoint each proxy;
 - b) the Proxy Form may specify the proportion, or the number, of votes that the proxy may exercise, and if it does not do so the proxy may exercise half of the votes.

Voting Instructions

- 3) **(who may be a proxy):** A shareholder can appoint any other person to be their proxy. A proxy need not be a shareholder of the Company. The proxy appointed can be described in the Proxy Form by an office held, for example, 'the Chair of the Meeting'.
- 4) **(signature/s of individuals):** In the case of Shareholders who are individuals, the Proxy form must be signed:
 - a) if the shares are held by one individual, by that shareholder;
 - b) if the shares are held in joint names, by both of them.
- 5) **(signatures on behalf of companies):** In the case of Shareholders who are companies, the Proxy Form must be signed:
 - a) if it has a sole director who is also sole company secretary, by that director (and stating that fact next to, or under, the signature of the Proxy Form);
 - b) in the case of any other company, by either two directors or a director and company secretary.
- 6) **(other authorised persons):** If the person signing the Proxy Form is doing so under power of attorney, or is an officer of a company outside of (5) above but authorised to sign the Proxy Form, the power of attorney or other authorisation (or a certified copy of it), as well as the Proxy Form, must be received by the Company by the time and at the place in (7) below.
- 7) **(lodgment place and deadline):** A Proxy Form accompanies this notice. To be effective, Proxy Forms (duly completed and signed) must be received by the Company's registry office, Advanced Share Registry Services :
 - a) at 110 Stirling Hwy, Nedlands WA 6009; or
 - b) by facsimile on (08) 9389 7871by no later than 48 hours before the time for the holding of the meeting.

The Chairman of the meeting intends to use any undirected proxies held by him to vote:

- against Resolutions 1 - 7; and
- in favour of Resolutions 8, 9, 10, 11 and 12.

Shareholders who are entitled to Vote

In accordance with regulation 7.11.37 of the Corporations Regulations 2001, the Company has determined that a person's entitlement to attend and vote at the meeting will be the entitlement of that person set out in the register of members as at 2.00pm, (Perth time) on 27 September 2006. This means that any holder registered as a Shareholder on that date will be entitled to attend and vote at the meeting.

Explanatory Memorandum

This Explanatory Memorandum is an important document, and should be read in its entirety by all Shareholders.

Introduction

This Explanatory Memorandum forms part of the Notice of Extraordinary General Meeting of Resonance Health Limited and has been prepared in connection with the meeting to be held at Level 1, Alan Gilbert Building, 161 Barry Street, Carlton South VIC 3053 .

The purpose of this Explanatory Memorandum is to provide Shareholders with information that the Board of directors of the Company believes to be material to Shareholders in deciding how to vote on the resolutions. At the Meeting, Shareholders will be asked to consider resolutions:

1. To appoint Mr Simon Timothy Panton as a director of the Company;
2. To appoint Mr David Grant Sanders as a director of the Company;
3. To remove Mr Guy Aird as a director of the Company;
4. To remove Mr Michael Dalsin as a director of the Company;
5. To remove Mr Roger Greene as a director of the Company;
6. To remove Dr Andrew Walker as a director of the Company;
7. To remove Dr Michael Wooldridge as a director of the Company;
8. To re-elect Dr Gary Pace as a director of the Company
9. To re-elect Mr Guy Aird as a director of the Company;
10. To re-elect Mr Michael Dalsin as a director of the Company;
11. To re-elect Mr Greene as a director of the Company; and
12. To re-elect Dr Timothy St Pierre as a director of the Company.

Each of the resolutions is an ordinary resolution requiring it to be passed by a simple majority of votes cast by Shareholders entitled to vote on the resolution.

Resolution 1- Appointment of Mr Simon Timothy Panton

Mr Simon Timothy Panton has put himself forward as a candidate to be a director of the Company. Mr Panton has not advised the Company the merit on which Shareholders may consider his appointment.

Recommendation of the Directors – Resolution 1

The Company's Directors are of the opinion that voting Mr. Panton onto the Board of the Company is not in the Company's best interests. It is unclear to the Company that Mr. Panton's qualifications will benefit the Company, nor is it clear what skill set or strategy he can bring to the Board that will see Resonance Health through a period in which the Company is required to take immediate action to address issues such as financing and developing the FerriScan and FibroScreen technologies and developing the opportunity to acquire pathology laboratories in the United States, as previously announced to Shareholders.

The Directors recommend Shareholders vote **AGAINST** Resolution 1.

Resolution 2 - Appointment of Mr David Grant Sanders

Mr David Grant Sanders has put himself forward as a candidate to be a director of the Company. He has not advised the Company the merit on which Shareholders may consider his appointment.

Recommendation of the Directors – Resolution 2

The Company's Directors are of the opinion that voting Mr. Sanders onto the Board of the Company is not in the Company's best interests. It is unclear to the Company that Mr. Sanders' qualifications will benefit the Company, nor is it clear what skill set or strategy he can bring to the Board that will see Resonance Health through a period in which the Company is required to take immediate action to address issues such as financing and developing the FerriScan[®] and FibroScreen[™] technologies and developing the opportunity to acquire pathology laboratories in the United States, as previously announced to Shareholders.

The Directors recommend Shareholders vote **AGAINST** Resolution 2.

Explanatory Memorandum

Resolution 3 – Removal of Mr Guy Aird

The Members requisitioning this meeting have, pursuant to s203D(1), put forward this resolution to remove Mr Aird from office and have provided the reasons they seek his removal in the Members' Statement enclosed with this notice.

Pursuant to s203D(4), Mr Aird, being appointed by the Board on 20 April 2006, is entitled to put his case to Shareholders and he is entitled to speak to the motion at the meeting. The Board has elected to provide a written statement for circulation to Shareholders and is enclosed with this notice.

Recommendation of the Directors – Resolution 3

Each of the Directors are of the opinion that the proposal to remove Mr Aird as a director is **not** in the best interests of the Company and its Shareholders. Mr. Aird brings with him a wealth of experience in the corporate finance industry. He has been in the investment industry for over 20 years mainly involving equity advisory roles with various private client stockbroking firms. Further, he has experience as a non-executive director of another ASX listed company Avastra Limited.

The Directors recommend that Shareholders vote **AGAINST** Resolution 3.

Resolution 4 – Removal of Mr Michael Dalsin

The Members requisitioning this meeting have, pursuant to s203D(1), put forward this resolution to remove Mr Michael Dalsin from office and have provided the reasons they seek his removal in the Members' Statement enclosed with this notice..

Pursuant to s203D(4), Mr Dalsin, being appointed by the Board on 20 April 2006, is entitled to put his case to Shareholders and he is entitled to speak to the motion at the meeting. The Board has elected to provide a written statement for circulation to Shareholders and is enclosed with this notice.

Recommendation of the Directors – Resolution 4

Each of the Directors are of the opinion that the proposal to remove Mr Dalsin as a director is **not** in the best interests of the Company and its Shareholders. Mr. Dalsin is a director of Montgomery Pacific, a US based investment bank and brings with him a wealth of experience and contacts in the corporate finance and life sciences industries both in Australia and abroad. Mr. Dalsin has worked in international investment banking and deal-making for investments by Morgan Stanley Managing Director's funds in London, Hong Kong and New York. He was as a lead banker and negotiator for small and medium market (\$US15M to \$US50M) international acquisitions for both American and English companies. He participated as a key sales person in institutional fundraising for a number of international (micro-capitalization) companies with placements of \$US5M to \$US10M. He has experience in securing cash flow debt and term debt for small to medium companies and has practice in high yield and convertible debt for the purposes of acquisitions.

The directors recommend that Shareholders vote **AGAINST** Resolution 4.

Resolution 5 – Removal of Mr Roger Greene

The Members requisitioning this meeting have, pursuant to s203D(1), put forward this resolution to remove Mr Roger Greene from office and have provided the reasons they seek his removal in the Members' Statement enclosed with this notice..

Pursuant to s203D(4), Mr Greene, being appointed by the Board on 20 April 2006, is entitled to put his case to Shareholders and he is also entitled to speak to the motion at the meeting. The Board has elected to provide a written statement for circulation to Shareholders and is enclosed with this notice.

Recommendation of the Directors – Resolution 5

Each of the Directors are of the opinion that the proposal to remove Mr Greene as a director is not in the best interests of the Company and its Shareholders. Mr. Greene is a director of Montgomery Pacific, a US based investment bank. With a background in law, Mr Greene has amassed enormous experience working with various funds and has participated in a number of opportunity funds, including Brazos Fund, which purchased \$2 billion in assets in the US and Canada, and Lone Star Fund, which has acquired and managed several billions of dollars in assets in North America, Asia and Europe. Mr. Greene has negotiated a \$300 million purchase of assets from a financial institution in Canada, an acquisition of assets of over \$100 million that resulted from the merger of two insurance companies, and the securitization of hundreds of millions of dollars of mortgage loans. Like Mr Dalsin, Mr Greene has brought to the Company strategies that the directors believe to be in the best interests of the Company.

The Directors recommend that Shareholders vote **AGAINST** Resolution 5.

Resolution 6 – Removal of Dr Andrew Walker

The Members requisitioning this meeting have, pursuant to s203D(1), put forward this resolution to remove Dr Andrew Walker from office and have provided the reasons they seek his removal in the Members' Statement enclosed with this notice..

Pursuant to s203D(4), Dr Walker, who was last re-elected by Shareholders on 14 November 2005, is entitled to put his case to Shareholders and he is also entitled to speak to the motion at the meeting. The Board has elected to provide a written statement for circulation to Shareholders and is enclosed with this notice.

Recommendation of the Directors – Resolution 6

Each of the Directors are of the opinion that the proposal to remove Dr Walker as a director is not in the best interests of the Company and its Shareholders. Dr Walker is the Chairman and CEO of Aspen Medical and has worked over the last 12 years developing and commercialising a range of successful medical and health-related businesses, including the Australian Skin Cancer Clinics and Combined Pathology. Dr Walker also has invaluable experience in Pathology, an area in which the Company has a developing interest.

The Directors recommend that Shareholders vote **AGAINST** Resolution 6.

Resolution 7 – Removal of Dr Michael Wooldridge

The Members requisitioning this meeting have, pursuant to s203D(1), put forward this resolution to remove Dr Michael Wooldridge from office and have provided the reasons they seek his removal in the Members' Statement enclosed with this notice..

Pursuant to s203D(4), Dr Wooldridge, who was elected by Shareholders on 14 October 2003, is entitled to put his case to Shareholders and he is also entitled to speak to the motion at the meeting. The Board has elected to provide a written statement for circulation to Shareholders and is enclosed with this notice.

Recommendation on Resolution 7

Each of the Directors are of the opinion that the proposal to remove Dr Wooldridge as a director is not in the best interests of the Company and its Shareholders. Dr Wooldridge was Minister for Health and Family Services in 1996 and his portfolio was extended to include Aged Care in 1998, during which period he was Chair of the World Health Organisation's East Asia and Western Pacific Region. Dr Wooldridge was also Global Chairman of UN AIDS, the peak UN body dealing with HIV. Dr Wooldridge's understanding of government policy in the health sector as well as his experience and contacts are highly valuable.

The Directors recommend that Shareholders vote **AGAINST** Resolution 7.

Resolution 8, 9, 10, 11 & 12 – Re-election and Appointment of Dr Gary Pace, Mr Guy Aird, Mr Michael Dalsin, Mr Roger Greene and Dr Timothy St. Pierre

Clause 13.4 of the Company's constitution provides that a director who was appointed by the directors as an addition to the Board, shall only hold office until the next general meeting and shall be eligible for re-election at such meeting. Dr Pace, Mr Aird, Mr Dalsin and Mr Greene were all appointed by the Board as additional directors on 20 April 2006. Dr. St. Pierre was appointed by the Board as additional director on 21 August 2006. In accordance with clause 13.4 of the Company's constitution, it is necessary for these directors to stand for re-election at the general meeting which is the subject of this notice.

Recommendation of the Directors – Resolution 8, 9, 10, 11 & 12

Resolution 8 – Re-election and Appointment of Dr Gary Pace

Dr Pace is currently Chairman and CEO of QRxPharma Pty Ltd and a director of a number of Australian and US companies, including: ResMed, Inc. (NYSE:RMD), Peplin Ltd (ASX:PEP), Transition Therapeutics Inc. (TSX:TTH) and Celsion Corp. (AMX:CLN). He is also a Visiting Scientist at the Massachusetts Institute of Technology (MIT), an Adjunct Professor at the University of Queensland and a member of the Queensland North America Biotechnology Advisory Council. From 1995 to 2001, Dr Pace was President and CEO of RTP Pharma. From 2000 to 2002, he was Chairman and CEO of Waratah Pharmaceuticals Inc., a spin-off company of RTP Pharma. From 1993 to 1994, he was the founding President and CEO of Transcend Therapeutics Inc. (formerly Free Radical Sciences Inc.), a biopharmaceutical company. From 1989 to 1993, Dr Pace was Senior Vice President of Clintec International, Inc., a Baxter/Nestle joint venture and manufacturer of clinical nutritional products.

The Directors recommend that Shareholders vote **FOR** Resolution 8.

Resolution 9, 10 & 11 – Re-election and Appointment of Messrs Guy Aird, Michael Dalsin and Roger Greene

Information on each of Messrs Aird, Dalsin and Greene is set out above.

The Directors recommend that Shareholders vote **FOR** Resolutions 9, 10 and 11.

Resolution 12 – Re-election and Appointment of Dr Timothy St. Pierre

Dr Timothy St. Pierre was the Company's Chief Scientific Officer prior to being appointed director. He is widely published in the field of iron in medicine and biology and has built a reputation as a physicist with an outstanding understanding of the fundamental properties of the iron deposits that occur in iron overload diseases. Tim who is also an Associate Professor led the team that developed the FerriScan technology at The University of Western Australia.

The Directors recommend that Shareholders vote **FOR** Resolution 12.

RESONANCE HEALTH LIMITED

MEMBERS' STATEMENT FOR GENERAL MEETING

Background to the company's current situation

As two of the largest shareholders of your company we have been very disappointed with the performance of the company since significant changes were made to the Board of Directors in April this year. In that time shareholders have seen the company's share price drop from 7.2 cents to below 2 cents and the company's cash reserve decline from \$1.2 million at the end of March to \$571,000 at the end of June. We have also seen the company make announcements on a number of occasions of an intention to change the direction of the company through the acquisition of pathology businesses in the United States, although despite a number of months of supposed negotiations no acquisition has yet been submitted to shareholders for their approval.

Most recently, your Board has embarked on a highly dilutive rights issue at only 2 cents a share without any consultation with the company's major shareholders. Shareholders are therefore being left with the difficult decision to either make a significant additional investment in the company to preserve their existing investment and put their faith in a substantially new Board, or not invest further and see their current shareholding being significantly diluted through the issue of shares at close to the all time low share price.

As major shareholders, we sought to raise some of these concerns with the Board but did not receive satisfactory answers. This left us with little choice but to exercise our rights as shareholders to seek to make changes to the Board. Whilst members of the current Board have agreed to meet with us over the last few weeks they have confirmed their commitment to the current rights issue to raise approximately \$3 million. We put forward to the board the proposition of a smaller rights issue in the vicinity of \$1 to 1.5 million, which would provide further working capital to help take FerriScan to profitability, in addition to raising funds for FerriScan development, but this was rejected, as the Board is committed to pursuing the US pathology opportunities.

As with the majority of shareholders, our investment in this company is based on the exciting prospects of the liver mapping technology that emerged out of The University of Western Australia. Just as it appears that the first part of that technology, FerriScan, is on the verge of profitability, we do not believe it is a time for the company to raise large amounts of additional funding or to pursue a completely new direction. Nor do we believe that a company with a current market capitalisation of approximately \$4 million should have a Board of seven directors, a number of which are not even residents of Australia, and the majority of which have never been elected by shareholders.

We are therefore seeking to replace a number of the existing directors with two new directors who, if elected, will seek to put in place an independent external review of the company's existing business and report the results fully to shareholders so shareholders can make a proper assessment as to where the company is heading.

It would appear remiss of the Board to raise further capital to progress the acquisition of a US-based pathology business (which according to the prospectus requires approximately US\$1.7 million in cash to complete the transaction), without first seeking approval from shareholders of the pathology acquisition strategy. There is simply no need for such a highly dilutive rights

issues if the majority of shareholders do not approve of this strategy. Why then is shareholder approval not being sought **now** for the approval or rejection of the acquisition strategy, so that the Board can determine the extent of capital required? The **danger to existing shareholders** with the current prospectus is that if they do not take up the offer, not only will they be significantly diluted, they may also see new shareholders take up the shortfall who may have a contrasting view in favor of the pathology business acquisition strategy.

Actions you can take as a shareholder.

Whilst your support at the general meeting will not stop the current rights issue proceeding, if you do not agree with the path the current Board is taking we urge you to lodge a proxy appointing either Mr Simon Panton or the chairman of the meeting to vote in favour of all resolutions. If at all possible we urge you to do this prior to the current closing date for the rights issue of 1 September 2006. In this way we can send a message to the current Board as to how the shareholders feel about the decisions they have made supposedly on our behalf, before the Board seek to issue what could well be a significant shortfall on the rights issue to people with no current association with our company.

We would also urge all of you to consider taking up your entitlements in the rights issue and also participating in any shortfall of the rights issue, if you remain committed to the future of this company, and the untapped market prospects of FerriScan and the potential fibrosis test, FibroScreen.

We would welcome the opportunity to discuss our plans with you and you can call Simon Panton on 089 381 3174 or an existing Director and make an INFORMED DECISION. Alternatively, you can visit the website www.sharescene.com and we will advise a dedicated web site to allow shareholders to have their say.

Signed by
Paul Roderick Clark)
as trustee for the Pakima Trust) *Paul Clark*
in the presence of:)

Witness:

Signature:



Full Name:

SIMON PANTON


Address:

441 VINCENT ST (WEST) LEEDERVILLE WA 6007

Occupation:

DIRECTOR

Signed for and on behalf of)
Mondo Electronics 2000 Pty Ltd)
in accordance with)
section 127 of the Corporations Act)




Signature of Director

S.J. PANTON

Print name of Director

**delete that which does not apply*



Signature of *Director/*Secretary

SIMON PANTON

Print name of *Director/*Secretary

Signed for and on behalf of)
TV Games Pty Ltd)
in accordance with)
section 127 of the Corporations Act)




Signature of Director

KAREN PANTON

Print name of Director

**delete that which does not apply*




Signature of *Director/*Secretary

SIMON PANTON

Print name of *Director/*Secretary

Signed for and on behalf of)
Mondo Electronics Pty Ltd)
in accordance with)
section 127 of the Corporations Act)




Signature of Director

S.J. PANTON

Print name of Director

**delete that which does not apply*

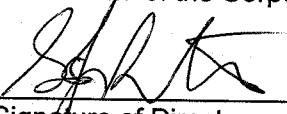


Signature of *Director/*Secretary

SIMON PANTON

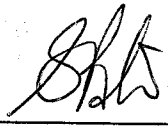
Print name of *Director/*Secretary

Signed for and on behalf of)
Trinity Investments International Pty)
Ltd in accordance with)
section 127 of the Corporations Act)



Signature of Director

S.J. PANTON
Print name of Director




Signature of *Director/*Secretary

SIMON PANTON
Print name of *Director/*Secretary

**delete that which does not apply*

Signed for and on behalf of)
Southam Investments 2003 Pty Ltd)
in accordance with)
section 127 of the Corporations Act)



Signature of Sole Director and
Secretary

SIMON PANTON
Print name

Statement of Directors

Dear Shareholders:

On July 31, Resonance Health received a notice from two requisitioning shareholders, who hold more than a 7% interest in the Company, requesting that their representatives, Simon Panton and David Sanders be appointed to the board in place of directors Guy Aird, Michael Dalsin, Roger Greene, Andrew Walker and Michael Wooldridge.

Although the Notice for an Extraordinary General Meeting requests the removal of only certain directors of Resonance Health, the entire board wishes to express its unanimous opposition to the proposals of the two requisitioning shareholders. Each director believes this vote is crucial to the future of the Company, and urges shareholders to vote in the upcoming EGM.

This request was prompted by a series of events starting with the announcement by the Board on 6 June, 2006 that revenues and cash flow from FerriScan[®] were disappointing. Contrary to the suggestion by the two requisitioning shareholders that FerriScan[®] was “on the verge of profitability,” FerriScan[®] operations had in fact begun to cause losses that were so substantial, the viability of the Company would be threatened without corrective action.

While the Board certainly wished it could have reported better news to the shareholders, it had to face the realities presented, and take action to preserve and enhance shareholder value as soon as possible.

The requisitioning shareholders have apparently assumed a “shoot the messenger” mentality, attempting to remove the directors who, together with the entire Board, have forged a plan to remedy the problems created by lagging FerriScan[®] sales and improve the prospects of Resonance going forward.

While the disappointment and anger of the requisitioning shareholders is in many respects understandable, they do not appear to accept the reality the Company faced with FerriScan[®] earlier this year. As a corollary, they also do not offer any realistic plan for increasing value in Resonance going forward. Instead, they suggest hiring unknown parties to perform “independent external review” over an unknown time frame, and apparently hope these third parties will come up with a solution.

The entire Board unanimously opposes the proposal of the two requisitioning shareholders because:

1. The current Board does have a realistic plan to return value to shareholders; and
2. The directors as a group bring together a host of complementary skills needed to face the challenges on behalf of Resonance.

With a plan and a skill set to build shareholder value, the current directors deserve your support.

The board conducted a comprehensive review of the prospects for sales and corporate expenses when FerriScan[®] sales fell well behind forecasts. The review revealed that immediate prospects for sufficiently substantial increases in sales were remote, creating the prospect of substantial losses and a need to reduce expense levels. The board disclosed the issue to shareholders, cut the burn rate, and began an analysis of whether FerriScan[®] prices could be increased. Under the current board, operational expenses have also been cut.

Statement of Directors

At the same time, the board examined the Company's current plans to develop its technologies, including FibroScreenTM. A commitment to a technology is meaningless without the ability to fund it. The remaining cash balance was insufficient to fund any possible future FerriScan[®] losses for a sustained period, let alone millions needed for FibroScreenTM development. To provide funding for the technologies, the Board chose an entitlements issue that would fund the technologies for two years. The virtue of the entitlements issue is that it offers existing shareholders the ability to obtain additional shares at lower cost basis. Some traders engage in arbitrage while the entitlements offering is outstanding, depressing the stock price. But in the longer term, the Company will be positioned to realise the full value of FerriScan[®] and FibroScreenTM.

In addition, the entitlements offering puts Resonance in a stronger position to consider the plan to complement its technologies by acquiring pathology labs. The requisitioning shareholders attack the entitlements offering by suggesting that it is a vehicle to raise funds for pathology acquisitions without shareholder approval. This is false. The entitlements issue is the proper strategy to fund the Company, regardless of whether shareholders approve the plan to acquire pathology labs. The funds are not being raised for that purpose. But the Board does understand that if it needs to raise equity for such an acquisition, it should negotiate pricing with a strong balance sheet. This Board anticipates that if equity is raised from new shareholders for pathology acquisitions, the investment will be made at substantially higher prices than the pricing of the current entitlements offering. Any such plan will be placed before shareholders for a vote after full notice and disclosure.

Finally, the requisitioning shareholders make an attack on the Board because they believe it is too large for a small company. They neglect to disclose that Board fees have not been paid since April. They also fail to recognise that the Board consists of a range of members with complementary skills, including medical, scientific, banking, brokerage, legal and governmental regulatory skills. This Board submits that the shareholders benefit from such diversity of skills. Most recently, the chief scientist who developed FerriScan[®] and who will continue to work on developing FerriScan[®] has agreed, for the first time, to join this Board. Appointing a smaller board, lacking such skills, does not seem like a tremendous virtue, particularly considering the admission by the requisitioning shareholders that their first proposed action would be to hire independent experts to study and come up with a plan for the technologies. Exactly what plan is a shareholder approving by voting that way?

Your current board has saved FerriScan[®] by cutting operating expenses and raising pricing, and has a plan to fund and realise value from the Resonance technologies going forward. The board members unanimously request your support to implement that plan. To this end, the Board strongly recommends that Shareholders take the opportunity to take up their entitlements and any additional shares in the 3 for 4 Entitlement Offer closing on 1 September 2006, and participate together with the Board in reinvigorating and building the wealth of the Company.

The Board of Resonance Health Limited

RESONANCE HEALTH LIMITED
(ACN 006 762 492)

PROXY FORM

I/We (name and address)

being a Member of Resonance Health Limited entitled to attend and vote at the Meeting, hereby

Appoint

Name of proxy

or failing the person so named or, if no person is named, the Chairman of the Meeting or the Chairman's nominee, to vote in accordance with the following directions or, if no directions have been given, as the proxy sees fit at the Extraordinary General Meeting to be held at Level 1, Alan Gilbert Building, 161 Barry Street, Carlton South VIC 3053 on 29 September 2006 at 2.00 pm (Melbourne Time) and at any adjournment thereof.

Voting on Business of the Extraordinary General Meeting

		FOR	AGAINST	ABSTAIN
Resolution 1	Appointment of Simon Timothy Panton	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Appointment of David Grant Sanders	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Removal of Guy Aird	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Removal of Michael Dalsin	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Removal Roger Greene	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Removal of Andrew Walker	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7	Removal of Michael Wooldridge	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8	Re-election of Gary Pace	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 9	Re-election of Guy Aird	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 10	Re-election of Michael Dalsin	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 11	Re-election of Roger Greene	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 12	Re-election of Timothy St. Pierre	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

If the chair of the meeting is appointed as your proxy, or may be appointed by default and you do not wish to direct your proxy how to vote as your proxy in respect of a resolution, please place a mark in the box. By marking this box, you acknowledge that the Chair of the meeting may exercise your proxy even if he has an interest in the outcome of the resolutions and that the votes cast by the Chair of the meeting for the resolutions other than as proxy holder will be disregarded because of that interest. **The Chair intends to vote any such undirected proxies AGAINST Resolutions 1-7 and in favour of Resolutions 8 to 12.** If you do not mark this box, and you have not directed your proxy how to vote, the Chair will not cast your votes on the resolution and your votes will not be counted in calculating the required majority if a poll is called on the resolution.

If you mark the abstain box for a particular item, you are directing your proxy not to vote on that item on a show of hands or on a poll and that your Shares are not to be counted in computing the required majority on a poll.

If two proxies are being appointed, the proportion of voting rights this proxy represents is _____%

Please return this Proxy Form to Advanced Share Register Services, 110 Stirling Hwy, Nedlands WA 6009 or fax to (08) 9389 7871 by 2.00 pm (Melbourne Time) on 27 September 2006.

Signed this _____ day of _____ 2006

By:

Individuals and joint holders

Signature

Signature

Signature

Companies (affix common seal if appropriate)

Director

Director/Company Secretary

Sole Director and Sole Company Secretary